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Japan

Kaifu on Letters to Bush, Saddam on Gulf Crisis

OW1212142190 Tokyo KYODO in English 1338 GMT 12 Dec 90

[Text] Tokyo, Dec. 12 KYODO—Prime Minister Toshiki Kaifu disclosed Wednesday he has written letters to U.S. and Iraqi Presidents George Bush and Saddam Husayn on the Persian Gulf crisis, a rebuttal of his alleged inactivity in working on a peaceful settlement of the crisis.

Kaifu made the disclosure during a session of the budget committee of the House of Representatives.

In the letter to Bush, Kaifu praised his recent proposal for direct dialogue with Iraq as an initiative toward permanent peace in the Middle East and promised Japan's cooperation in a peaceful settlement of the crisis in line with the U.N. Security Council resolutions and with the international community, Kaifu said.

Kaifu received earlier two letters from Bush through U.S. Ambassador Michael Armacost in late November and early December, he said.

The letter to Husayn said a peaceful solution to the Gulf crisis was at his discretion and called for his sincere dedication to that purpose, which was verbally relayed to the Iraqi leader through a close associate, Kaifu said.

After the Diet panel meeting, Kaifu said he made revelations which should have been withheld as opposition members criticized him for doing nothing on the Middle East issue.

Premier Wants New UN Cooperation Bill Drafted

OW1212053990 Tokyo NHK General Television Network in Japanese 0300 GMT 12 Dec 90

[Text] At a House of Representatives Budget Committee meeting today, Prime Minister Toshiki Kaifu stressed that he wants to work out a new package of Japan's contributions to the United Nations with the concurrence of the opposition, including the Japan Socialist Party [JSP].

The House of Representatives Budget Committee convened a meeting today to begin deliberations on the proposed supplementary budget for this fiscal year. Liberal Democratic Party [LDP] Representative Shozo Harada asked the government how it plans to arrange a new package of contributions to the United Nations to take the place of the UN Peace Cooperation Bill, which was rejected at the last extraordinary Diet session.

In reply, Prime Minister Kaifu said that, although he takes the rejection of the UN Peace Cooperation Bill seriously, he thinks it is now commonly understood that Japan should render cooperation to the international community not only in terms of money but also in terms of personnel. At the last extraordinary Diet session, he said, three parties—the LDP, Komeito, and the Democratic Socialist Party—agreed to discuss a new package of contributions to the world body, and the JSP also indicated an idea for a UN peace cooperation organization. He added that he hopes to see debates continued at the same venue on how Japan should cooperate with the United Nations and obtain the Diet's approval as early as possible through the opposition's understanding and cooperation.

Thus, the prime minister stressed that he wants to have concrete measures formulated with the concurrence of the opposition, including the JSP.

The next questioner, LDP's Sohei Miyashita, asked how the government would deal with the interruption of the ministerial meeting of the Uruguay Round of the GATT [General Agreement on Tariffs and Trade] talks. The ministerial meeting was suspended because of a conflict between the United States and the EC over the farm issue.

In reply, Foreign Minister Taro Nakayama said: Japan is the greatest beneficiary of the GATT-sponsored free trade system. The prolongation of talks is feared to give rise to protectionism in trade or arguments over sanctions against trade surplus nations like Japan. Therefore, the early resumption and success of the talks is an urgent task for Japan.

Meanwhile, Minister of Agriculture, Forestry, and Fisheries Tomio Yamamoto said that the rice liberalization issue should be discussed strictly at multilateral talks. He then stressed that Japan will continue maintaining its conventional stand that it cannot agree to the liberalization of the rice market.

155 Hostages Return From Iraq 12 Dec; 51 Remain

OW1212102390 Tokyo KYODO in English 0844 GMT 12 Dec 90

[Text] Narita, Chiba Pref., Dec. 12 KYODO—A total of 155 Japanese returned home from Iraq Wednesday afternoon, four months after the country invaded the small, oil-rich nation Kuwait.

The 155 Japanese were welcomed by some 400 people at the New Tokyo International Airport in Narita east of Tokyo. A special Japan Airlines jet carrying the returnees arrived at the airport at 3:16 p.m.

They included 78 Japanese hostages who were among the 139 Japanese held at strategic locations as "human shields." The other former Japanese hostages have already returned home. Another 63 were working in Iraq but were not allowed to leave the country earlier. Fourteen Japanese staff members of the Japanese Embassy in Kuwait were also among the 155 Japanese.

The Japanese nationals earlier arrived in Bangkok from Iraq aboard an Iraqi Airways flight chartered by the Japanese Government. They were transferred to the Japan Airlines plane in Bangkok.

The 78 hostages had been moved to the al-Mansur Milliya Hotel in Baghdad on Sunday after the Iraqi parliament endorsed President Saddam Husayn's decision to release all foreign hostages.

The group's departure was sharply delayed because of the time taken to obtain Iran's permission for the chartered airliner to fly over Iranian air space, Japanese officials said.

Fifty-one Japanese still remain in Iraq, but they will return home around December 22, government officials said.

Kuwait Seeks Japanese Commitment to Peace

OW1212083690 Tokyo KYODO in English 0719 GMT 12 Dec 90

[Text] Tokyo, Dec. 12 KYODO—Kuwait would like to see a "symbolic gesture" that Japan is committed to peace in the Middle East, members of a free Kuwait delegation said Wednesday, adding that "the mere approval of the intention to send military personnel there would be sufficient enough."

The delegation, led by the former president of Kuwait's National Municipal Council Da'ud Masad al-Salih, said they understood the Japanese constitutional issue forbidding the dispatch of the Japanese military overseas.

Al-Salih suggested, however, that even passing "a temporary approval to participate" in the U.S.-led multinational force assembled in the Persian Gulf against Iraq would be enough to keep the pressure on Iraqi President Saddam Husayn to withdraw his troops from Kuwait.

The delegation is one of several Kuwaiti groups formed in October to tour the world to rally support against Husayn and his August 2 invasion of Kuwait and on Wednesday spoke to the Foreign Correspondents' Club of Japan.

Kuwaiti amabassador to Japan 'Abd al-'Aziz Abdullatif al-Sharikh, accompanying the delegation, said he believed that "peace does stand a chance (in the Persian Gulf), but only with a sufficient amount of international pressure (on Husayn.)"

Damage to Kuwait resulting from the invasion and plundering by Iraqi soldiers totals some 40 billion dollars, delegation members said, quoting figures given by the Kuwaiti Government.

Repair and replacement costs to the ravaged nation and its infrastructure, however, are likely to be much higher, perhaps closer to 60 billion dollars said Sabah al-Rayes, an architect and consulting engineer within the group.

Al-Rayes said that after the crisis, compensation for the damage could be charged against Iraqi oil and other assets.

Al-Rayes, in China when the invasion took place, said his wife and children in Kuwait City spend most of their days queuing up for food and live in fear of the looting Iraqi soldiers.

His wife informed him, in one letter smuggled out of Kuwait, that a spirit of civil disobedience remains unshaken in Kuwait, despite the terror tactics of the Iraqis to drive the Kuwaitis out of the country.

Al-Nafisi Ahmad, formerly a member of the Kuwaiti Parliament and opposition journalist, said the resistance of the Kuwaiti people, who refuse to cooperate with the occupying Iraqi soldiers, was "unequaled," comparing it to the Polish resistance to Hitler before World War II.

Plundering continues, the delegation members told one by one, with airports, seaports, factories, newspaper offices being completely stripped of their equipment.

Said the ambassador, "(Husayn) just wants to make sure that when the world forces him to withdraw, he has taken everything with him."

The delegation was firm in their belief that there would be no concessions to Husayn.

Muhammad al-Haddad, an anthropology professor at the University of Kuwait, pointed out that the islands often mentioned in concessions talk are about 20 percent the size of Kuwait and further argued that there are constitutional constraints to giving up any Kuwaiti territory.

Government To Maintain 'Basic Position' on Gulf

OW1212054090 Tokyo KYODO in English 0514 GMT 12 Dec 90

[Text] Tokyo, Dec. 12 KYODO—Kuwait wants the Japanese Government to continue pressuring Iraq to withdraw its occupying forces from the neighboring emirate despite Baghdad's release of all detained Japanese nationals, the Kuwaiti Embassy in Tokyo said in a statement released Wednesday.

While expressing Kuwait's congratulations on the release of the Japanese hostages, who left Baghdad earlier in the day, the statement reminded Japan that "the biggest hostage" is Kuwait.

"The embassy hopes the people and government of Japan will continue to join the unity of the international community in exerting more pressure (on the) Iraqi regime to release the biggest hostage, which is Kuwait and its peace-loving people," it said.

A Foreign Ministry official reached for comment said that even though the Japanese hostages are coming home, "we do not change our basic position."

The official explained that position as calling for Iraq's "immediate and unconditional withdrawal from Kuwait... and the restoration of the authority of the legitimate Kuwaiti Government."

Kaifu Seeks Soviet Concessions on Territories

OW1212141890 Tokyo KYODO in English 1348 GMT 12 Dec 90

[Text] Tokyo, Dec. 12 KYODO—Prime Minister Toshiki Kaifu on Wednesday repeated Japan's policy of linking financial assistance to the Soviet Union with progress on the territorial dispute over four Soviet-held islands east of Hokkaido and called on the Kremlin to make concessions.

Kaifu, however, showed a positive attitude toward giving emergency food aid and medical supplies to the Soviet Union to help the country get through winter.

Foreign Minister Taro Nakayama also said the Japanese Government will deal positively with humanitarian aid to the Soviet Union.

Both Kaifu and Nakayama were responding to questions from members of the ruling and opposition parties at a session of the budget committee of the House of Representatives.

The committee was discussing a 2.28 trillion yen supplementary budget for fiscal 1990, which includes Japan's medical aid to Moscow and an additional 1 billion dollars in assistance to the U.S.-dominant multinational forces massed in the Persian Gulf region.

The budget is expected to pass through the Diet by December 18.

Japan has so far pledged 2 billion dollars in support of the forces and another 2 billion dollars as economic aid for Middle East nations hardest hit by Iraq's August 2 invasion of Kuwait.

"Japan cannot set aside the territorial dispute when considering giving financial support to the Soviet Union," said Kaifu, adding he wants the Kremlin to think of both the territorial issue and Japanese economic assistance in the process of expanding balanced relations between the two countries.

A visit by Soviet President Mikhail Gorbachev to Japan scheduled for next April is widely expected to make a breakthrough in stalled Japan-Soviet relations.

Four islands held by the Soviet Union since the closing days of World War II have prevented the two countries from developing full-fledged bilateral ties.

Finance Minister Ryutaro Hashimoto said that under current circumstances, Japan does not intend to provide further financial support for the multinational forces in the Gulf region.

Hashimoto, however, indicated Japan's readiness to give further Japanese economic assistance to the forces should armed conflicts take place in the region.

Hashimoto was also speaking at the lower house's budget committee.

On Japan's contributions to international peacekeeping activities, Kaifu said the government hopes a bill designed to help resolve the Persian Gulf crisis can be drawn up as soon as possible with the cooperation of opposition parties.

A government-proposed bill designed to authorize the overseas dispatch of noncombat members of the Self-Defense Forces (SDF) was killed by the Diet in November because of strong criticism from the opposition parties and the public.

Based on a tripartite agreement, the ruling Liberal Democratic Party (LDP) and two opposition parties, Komeito and the Democratic Socialist Party, are working out an alternative bill aimed at creating a corps to assist international peacekeeping activities that would exclude SDF members.

Soviet Envoy Calls for Concessions

OW1212045690 Tokyo KYODO in English 0446 GMT 12 Dec 90

[Text] Tokyo, Dec. 12 KYODO—Soviet Ambassador to Japan Lyudvig Chizhov called on Wednesday for mutual concessions by Japan and the Soviet Union to settle a decades-long territorial dispute over four islands off Japan's northernmost island of Hokkaido, officials said.

Chizhov was speaking at a political study session at a Tokyo hotel. The seminar was sponsored by the Liberal Democratic Party's biggest faction founded by former Prime Minister Noboru Takeshita.

The ambassador expressed the hope that President Mikhail Gorbachev's visit to Japan in April will help improve relations between the two countries.

Japan has long demanded that the Soviet Union return Etorofu, Kunashiri, Shikotan, and the Habomai Islands, which it seized immediately after World War II.

The Soviet envoy mentioned shortages of medicines in the Soviet Union and said that it is caused by a suspension of deliveries of materials from Eastern Europe.

Nakayama 'Positive' on Food Aid to USSR

OW1212080290 Tokyo KYODO in English 0640 GMT 12 Dec 90

[Text] Tokyo, Dec. 12 KYODO—Foreign Minister Taro Nakayama expressed a positive attitude Wednesday toward emergency food aid to the Soviet Union which has been suffering a serious food crisis.

The foreign minister said the Japanese Government will deal positively with humanitarian aid to the Soviet Union.

Nakayama was responding to questions from Shozo Harada, a member of the ruling Liberal Democratic Party (LDP) at a session of the Budget Committee of the House of Representatives.

The Budget Committee was discussing a supplementary budget for fiscal 1990, which includes Japan's medical aid to Moscow.

The budget is expected to pass through the Diet by December 18.

Prime Minister Toshiki Kaifu said that the government hopes a bill designed to help resolve the Persian Gulf crisis can be drawn up as soon as possible with the cooperation of opposition parties.

Kaifu said the government will study a proposal from the No. 1 opposition Japan Socialist Party for sending nonmilitary personnel to the region as part of Japan's contribution to the settlement of the crisis.

The prime minister told parliament the government will continue to study what Japan can do to help resolve the crisis as a member of the international community and called for the cooperation of opposition parties in compiling the bill.

The LDP, Komeito and the Democratic Socialist Party agreed on November 9 to set up a corps to assist U.N. peacekeeping operations within the framework of Japan's pacifist Constitution, one day before the LDP discarded its U.N. peace cooperation bill which would have allowed the dispatch of noncombat Self-Defense Forces.

Major Dairy Companies To Donate Food to USSR

OW1212045290 Tokyo KYODO in English 0440 GMT 12 Dec 90

[Text] Tokyo, Dec. 12 KYODO—Japan's three major dairy goods makers plan to provide powdered milk, baby foods and biscuits to the Soviet Union to help alleviate its food shortage, company officials said on Wednesday.

Prime Minister Toshiki Kaifu's cabinet reportedly plans to give emergency food aid to the Soviet Union following decisions by the United States, Canada, the European Community, and China to give emergency food aid to the country, government sources said.

Each of the three companies—Snow Brand Milk Products Co., Meiji Milk Products Co., and Morinaga Milk Industry Co.—will donate eight tons of milk altogether worth 15 million yen, the officials said.

Meiji Milk Products will also donate 6 million yen worth of baby foods, they said.

A group of members of the ruling Liberal Democratic Party [LDP] headed by former Foreign Minister Shintaro Abe also plans to send 5 million yen worth of biscuits purchased from the companies to the Soviet Union.

The officials and former Agriculture, Forestry, and Fisheries Minister Takashi Sato, a member of the LDP group, will hand over the aid list to the Soviet Embassy on Thursday.

Meanwhile, the No. 1 opposition Japan Socialist Party is collecting two packs of dry noodles each from its members in an emergency aid plan proposed by its chairwoman, Takako Doi last Tuesday.

USSR Orders 18 Freighters From Mitsubishi

OW1212102590 Tokyo KYODO in English 0842 GMT 12 Dec 90

[Text] Tokyo, Dec. 12 KYODO—Mitsubishi Corp. said Wednesday it has received an order for 18 freighters worth a total of about 40 billion yen from the Soviet shipping company Sovkomflot.

The giant trading company said the Soviet Government's effort to modernize the country's distribution industry apparently was a factor behind the large-scale order.

The company said the order included eight 9,500-ton freighters and 10 6,100-ton vessels for delivery between July 1991 and March 1993.

Moscow offered a combination of cash settlement and leasing as a payment formula for the order, the company said.

Mitsubishi said it plans to order ships from medium- and small-sized shipbuilding companies, including Miho Zosen of Shizuoka Prefecture and Kyokuyo Zosen of Yamaguchi Prefecture.

Sovkomflot, a former government-controlled enterprise, was privatized in July 1988. It currently owns a fleet of 178 ships.

Mitsubishi officials said the Soviet company plans to order about 200 new ships in a few years to bolster its transport capability.

Soviet Envoy Urges Early Economic Mission

OW1212122590 Tokyo KYODO in English 1103 GMT 12 Dec 90

[Text] Tokyo, Dec. 12 KYODO—Soviet Ambassador to Japan Lyudvig Chizhov called on Rokuro Ishikawa, president of the Japan Chamber of Commerce and Industry, Wednesday and said Moscow welcomes an economic mission to be sent by the chamber.

The chamber plans to send a high-caliber delegation to Moscow to promote Soviet-Japanese economic cooperation.

The Soviet Government expressed hope that the mission's trip would materialize in February or March next year.

Ishikawa said the mission's itinerary will be set according to developments in governmental negotiations on a territorial dispute between Japan and the Soviet Union.

Officials of the chamber said the timing of the mission's visit to Moscow will be decided after a visit to Japan by Soviet President Mikhail Gorbachev, scheduled for next April, and a trip to Moscow by senior officials of the ruling Liberal Democratic Party.

They said the organization is considering sending the delegation around next summer.

'Sources' Confirm Yeltsin Deputy To Visit 18 Dec

OW1112131390 Tokyo KYODO in English 1252 GMT 11 Dec 90

[Text] Tokyo, Dec. 11 KYODO—A deputy of Russian President Boris Yeltsin will visit Japan on December 18, Foreign Ministry sources confirmed Tuesday.

Russian First Vice President Ruslan Khasbulatov will visit Japan next Tuesday for an eight-day stay at the invitation of the ruling Liberal Democratic Party, they said.

Khasbulatov will become the highest-level Russian official to visit Japan since the Russian Federation, the largest of the 15 Soviet republics, declared its autonomy earlier this year.

The visit follows reports that Russian Federation representatives will be included in the Kremlin's dialogue with Japan over four disputed islands on the federation's eastern periphery that were acquired by the Soviets at the end of World War II.

Lithuanian Premier To Pay Private Visit 20 Dec

OW1212074390 Tokyo KYODO in English 0700 GMT 12 Dec 90

[Text] Tokyo, Dec. 12 KYODO—Lithuanian Prime Minister Kazimiera Prunskiene will pay a visit to Japan from December 20, Foreign Ministry officials confirmed Wednesday.

Officials said that the leader of the breakaway Soviet republic will be visiting Japan in a private capacity at the invitation of a Japanese company.

The officials said the Japanese Government is not involved in Prunskiene's visit. They were unable to confirm reports from sources in Moscow that she was likely to meet with Prime Minister Toshiki Kaifu.

Prunskiene will be the first leader from one of the three rebellious Baltic republics to visit Japan.

The officials said Japan has never treated Lithuania, Latvia, and Estonia as independent republics, but neither has it recognized their incorporation into the Soviet Union.

"Japan's position on Lithuania is a delicate one," a Foreign Ministry official said.

It was not immediately clear whether Prunskiene would be traveling to Japan on a Lithuanian passport rather than a Soviet passport. Lithuania announced last month that it would begin issuing its own passports.

Lithuania reasserted its former independent status in March, but in June froze measures to realize it in return for the Kremlin's agreement to end a crippling economic embargo and to start a dialogue on Lithuania's secession from the Soviet Union.

A third session of preparatory talks ahead of a proposed formal dialogue are scheduled for Thursday.

Relations with Moscow have become increasingly strained. Lithuanian Deputy Prime Minister Romualdas Ozolas was quoted December 4 as criticizing the Soviet Communist Party for "political sabotage and military blackmail in Lithuania."

Nakayama Comments on Resumption of GATT Talks

OW1212054290 Tokyo KYODO in English 0518 GMT 12 Dec 90

[Text] Tokyo, Dec. 12 KYODO—Foreign Minister Taro Nakayama said Wednesday suspended global trade talks under the auspices of the General Agreement on Tariffs and Trade (GATT) should be resumed by the first week of next February to avert the possible emergence of protectionism.

Speaking at a budget committee meeting of the House of Representatives, Nakayama said that a delay in resumption of the Uruguay Round of multilateral trade talks could help foster trade protectionism around the world.

The four-year talks were due to conclude by the end of the year but were adjourned as a result of a wide gap between the United States and the European Community (EC) over farm trade reforms.

Nakayama said early February is the latest the talks can resume since the U.S. delegation is scheduled to report the outcome of the round to Congress on March 1 and preparation for this would take about two weeks.

Meanwhile, Minister of Agriculture, Forestry, and Fisheries Tomio Yamamoto said Japan will not discuss its rice policy with the U.S. on a bilateral basis.

"The issue will be discussed in multilateral negotiations. It is too premature to think of such a possibility," he said.

There is widespread concern that if the Uruguay Round fails, the U.S. will table Japan's ban on rice imports at bilateral talks under threat of retaliation.

Libya Releases Fishermen After 6-Month Detention

OW1212122790 Tokyo KYODO in English 1105 GMT 12 Dec 90

[Text] Tokyo, Dec. 12 KYODO—The Libyan Government on Tuesday released all 20 Japanese crew members of the No. 28 Han-ei Maru, a tuna fishing boat from Kochi, after a six-month detention for allegedly violating territorial waters, officials of the Foreign Ministry said Wednesday.

The 299-ton fishing boat was seized by Libyan patrol boats on June 6 this year and the 20 fishermen have been interned by Libyan police ever since.

The Japanese Government had been negotiating with the Libyan authorities for an early release of the crew members, the officials said.

The reason for the release and other details were not immediately known, they added.

However, the released fishermen were given accommodation at a Kobe Steel Ltd. dormitory in Libya on Tuesday and are all in good health, according to a report from Kobe Steel officials.

They have yet to fix the date for their return home, the officials said.

Immigration Officials Question 2 DPRK Stowaways

OW1112193990 Tokyo KYODO in English 1510 GMT 11 Dec 90

[Text] Tokyo, Dec. 11 KYODO—Japanese immigration authorities are questioning two North Korean men who arrived at a southern Japanese port on a freighter Monday, officials said Tuesday.

The men reportedly stowed away on the Singapore-registered vessel in China in hopes of defecting to South Korea.

The coal carrier left China on December 7 and entered Oita port in Kyushu on Monday, docking Tuesday morning, the officials said.

Seoul evening papers reported Tuesday that the two men, a 36-year-old Health Ministry official and 34-year-old riot police driver from South and North Hwanghae Provinces, sneaked onto the vessel in China.

The Seoul newspapers said the two planned to seek asylum when the ship called at Inchon, near Seoul, but failed, never leaving the ship.

The Fukuoka Immigration Bureau, supervising developments in Oita, said two of its agents are questioning the two on the ship. Officials said their stories keep changing, making it hard to determine much except that they were apparently stowaways.

When the ship leaves Japan, the North Koreans may leave with it, one Fukuoka official said.

Officials at both the Japanese Foreign and Justice Ministries refused to comment Tuesday night but another government source said an investigation has started as to their identity and their entry route.

Entry Into Japan Denied

OW1212051490 Tokyo KYODO in English 0444 GMT 12 Dec 90

[Text] Tokyo, Dec. 12 KYODO—Japan will not permit entry of two stowaways believed to be North Koreans found hiding on a Japanese freighter, a government source said Wednesday.

"(The two stowaways) do not want entry to Japan and their entry will not be permitted," the source said.

The two men were on board a Singapore-registered cargo vessel, The ASEAN Express, which entered Oita Port, southern Japan, Monday night.

Before coming to Oita, the freighter called at Qinhuangdao, 300 kilometers east of Beijing, on December 6 from Japan and left there the following day after loading coal.

The two stowaways have told Japanese immigration officials that they are North Korean nationals and want to defect to South Korea.

The two men have told Japanese officials in Korean that they sneaked onto the vessel in Qinhuangdao Port and threw away their identification papers in China.

One of them claims to be an official of the North Korean Health Ministry and another to be a driver, Japanese officials said.

The government source expressed reluctance to act as an intermediary, saying Japan does not want to intensify confrontation between Seoul and Pyongyang.

South Korea has not informed Japan that it is ready to accept the two stowaways, the source said.

In Oita, the head of a local immigration office said, "It is not clear how they entered China from North Korea and there is a possibility that they are ethnic Koreans from China."

A North Korean stowaway defected to Japan on board a Japanese freighter in 1983. Two Japanese seamen, whose ship carried the stowaway to Japan, were detained in North Korea on espionage charges for seven years before being released last October.

Japan and North Korea have so far held two rounds of preliminary talks aimed at deciding when, where, and at which level to start full-scale talks aimed at establishing diplomatic relations.

LDP Factions on Consensus for Cabinet Reshuffle

OW1112151590 Tokyo KYODO in English 1452 GMT 11 Dec 90

[Text] Tokyo, Dec. 11 KYODO—Ruling Liberal Democratic Party (LDP) Secretary General Ichiro Ozawa may meet Prime Minister Toshiki Kaifu this week to discuss a possible cabinet reshuffle, party sources said Tuesday.

Ozawa met Tuesday with officials of the five LDP factions at the party's headquarters and heard their views regarding the need for changes in the cabinet lineup.

Ozawa told faction officials that he plans to meet the prime minister in the near future and will convey their sentiments at that time. He added Kaifu is eager to tackle pending domestic and international issues, LDP sources said.

Kozo Watanabe from the faction led by former Prime Minister Noboru Takeshita, Hiroshi Mitsuzuka of former Foreign Minister Shintaro Abe's faction and Toshio Yamaguchi of former Finance Minister Michio Watanabe's faction were among those who met Ozawa.

The three reiterated their belief that a consensus exists within the party regarding the need for a cabinet reshuffle before the year is out. They also recommended that changes be made in other party posts, LDP sources said.

Shigeru Kasuya, representative of the faction led by former Deputy Prime Minister Kiichi Miyazawa, which has been cautious on the topic, told Ozawa the faction would follow the majority's opinion.

Faction officials said they expect Ozawa to meet Kaifu December 17 or 18, when the supplementary national budget bill is likely to pass the Diet. But a senior LDP official indicated the meeting could take place this week if Ozawa deems it necessary.

Representative Tetsuo Kondo of the small faction led by former State Minister Toshio Komoto, to which Kaifu belongs, said the decision regarding a cabinet reshuffle should be left solely to the prime minister.

Opposition Parties To Oppose Supplementary Budget

OW1112194890 Tokyo KYODO in English 1532 GMT 11 Dec 90

[Text] Tokyo, Dec. 11 KYODO—Komeito, the second largest opposition party, formally decided Tuesday to oppose the government's supplementary budget for fiscal 1990 on grounds that defense outlays will exceed 1 percent of the nation's gross national product (GNP), party officials said.

Executives of the party said Komeito will oppose the supplementary budget because wage hikes for government employees to be approved by the Diet would boost the defense budget for fiscal 1990, ending next March, beyond 1 percent of GNP.

The party decided to oppose the budget in order to demonstrate its firm stance on defense issues, the officials said.

The Japan Socialist Party and the Japan Communist Party have also decided to oppose the supplementary budget. The No. 4 opposition party, the Democratic Socialist Party, has yet to determine its position on the proposed budget.

The Defense Agency said last week that Japan's defense spending for fiscal 1990 will total 0.997 percent of GNP.

Oil Firms To Lower Prices on Petroleum Products

OW1212095390 Tokyo KYODO in English 0613 GMT 12 Dec 90

[Text] Tokyo, Dec. 12 KYODO—Nippon Oil Co. and six other oil firms will lower their wholesale prices on gasoline and other petroleum products by 2.10 yen to 3.40 yen per liter, industry sources said Wednesday.

Nippon Oil implemented the price cuts Wednesday, while the remaining six firms will do so from Sunday, the sources said.

Idemitsu Kosan Co., Cosmo Oil Co., and Mitsubishi Oil Co. informed their affiliated agents on Tuesday of their plans to reduce prices and Esso Sekiyu K.K. was expected to make a decision on a price cut Wednesday, according to the sources.

This is the first reduction of domestic oil product prices since the Persian Gulf crisis erupted on August 2.

Nippon Oil cut the prices of gasoline, kerosene, and gas oil by 3.40 yen per liter, while Kyodo Oil Co. will cut its prices by 3 yen.

Showa Shell Sekiyu K.K. will reduce its prices by 3.10 yen, Mobile Sekiyu K.K. by 2.90 yen, General Sekiyu K.K. by 2.10 yen, Kyushu Oil Co. by 3 yen, and Kygnus Sekiyu K.K. by 2.70 yen.

Report Shows Business Sector 'Less Confident'

OW1212110190 Tokyo KYODO in English 0949 GMT 12 Dec 90

[Text] Tokyo, Dec. 12 KYODO—Bank of Japan Governor Yasushi Mieno said Wednesday that the central bank sees no need to change its monetary policy at present but will keep monitoring price movements and the tightening labor situation.

Speaking at a regular press conference, Mieno discussed a quarterly survey on the nation's business sentiment released by the central bank the previous day.

The so-called "tankan" report showed that the nation's business sector remains strong, but is growing less confident.

Mieno said, however, that he believes the nation's economy is sure-footed at present.

Japanese business attitudes have become "cautious" due to lingering uncertainty over the Middle East situation, but upward pressure on prices requires further observation in relation to the tightening labor situation, the central bank governor said.

"There is no economic turn requiring changes in monetary policy," he added, stressing that the central bank will maintain a tight grip on credit.

Touching on the nation's economic climate, Mieno said it is too early to conclude that economic growth has slowed to a "cruising speed."

Earlier in the month, the Economic Planning Agency reported a preliminary 4.1 percent growth rate in real terms for the July-September period, which it termed a cruising speed—a pace of growth which posed no danger of a price spiral.

The central bank said that Japanese corporations are growing less confident over the future, but he considers that natural, because the Middle East crisis is confusing.

In reality, he stressed, corporations remain bullish, with many of them reporting upward revisions of their sales and capital investment plans.

In discussing the impact of past rate hikes, the central bank governor said he could not say it has worked its full course because prices are still on an upward trend.

He admits recent declines in crude oil prices triggered by growing expectations for peace in the Middle East after Iraq's release of hostages, have worked to reduce inflationary pressure.

But the future course of the Persian Gulf problem is not immediately known, he said, adding the central bank should maintain its tight monetary policy because there is no guarantee that crude oil prices will stay at the current level.

North Korea

North-South High-Level Talks Open in Seoul

SK1212015190 Pyongyang Domestic Service in Korean 0127 GMT 12 Dec 90

[Text] This is a report from Seoul by reporter Yu Taek-hwan. Amid the great attention and expectations of all the fellow countrymen, the first-day meeting of the third North-South High-Level Talks is now being held at the room of talks at Shilla Hotel in Seoul. Numerous reporters from the North and South and foreign correspondents have come to cover the talks. Yon Hyong-muk, premier of the DPRK Administration Council and head of our side's delegation to the North-South High-Level Talks, delegates, and suite members came to the room of talks at 1000 this morning. The South side's delegates led by Kang Yong-hun and suite members are also at the room of the talks. The talks are going on.

'Full Text' of Yon Hyong-muk's Keynote Speech

SK1212094290 Pyongyang KCNA in English 0715 GMT 12 Dec 90

[Text] Seoul December 12 (KCNA correspondent)—Yon Hyong-muk, premier of the Administration Council of the Democratic People's Republic of Korea, who is head of the North side's delegation, made a keynote speech at the first-day sitting of the third North-South High-Level Talks now open in Seoul.

Follows the full text of his speech:

Prime Minister Kang Yong-hun and delegates of the South side,

Today when all our compatriots are sending off the first year of the significant 1990s, a year when the new, fervent trend to national unity was manifested in the North, the South and abroad, and greeting the new year with a more ardent hope for national reunification, we are holding the third North-South High-Level Talks.

First of all, I would like to express thanks to the delegation of the South side and the officials concerned who have received our delegation warmly and made great efforts for ensuring the talks.

I also extend thanks to the citizens of Seoul and all our fellow countrymen in the South who have welcomed our party warmly with compatriotic love and gave us inspiration and encouragement, and convey to them the greetings from their brothers in the North. Already a hundred days have passed since we started our first talks with you in Seoul, so that the season has changed and the year is also changing.

During these days many changes have taken place around us.

Our compatriots in the North, the South and abroad had a pan-national rally for the first time after the August 15 liberation of the country, held a pan-national reunification music concert; the North and the South cheered Korean teams jointly at international games, and held reunification soccer games at the stadiums of Pyongyang and Seoul amid the warm ovation of our compatriots.

And now the traditional concert for reunification seeing 1990 out is being held here in Seoul, and artists from the North and the South are sharing their kindred feelings in the melodies of national music.

Recently our countrymen from the North, the South and abroad reaffirmed in Berlin the formation of the "pan-national alliance for reunification" reflecting their desire and will for reunification. This was another splendid success made on the road to achieving reunification in the 1990s.

The daily-mounting firm will of our nation for reunification is just turning into a nationwide reunification movement.

All this which was inconceivable in the past, powerfully demonstrates at home and abroad that no vehement cold wind of confrontation can ever check the ardent desire of our compatriots for reunification, and that the barrier of division, however tall and thick, cannot be an eternal barrier dividing our nation into two.

Our compatriots in the North and the South have already taken a big step on the road of reconciliation, unity and reunification, and are confidently looking forward to the reunification in the 1990s as an immediate reality.

Our high-level talks which have started assuming a heavy responsibility before the nation, have been an important positive factor which can never be excluded from the current of this situation which is developing favourably for national reunification.

The North-South High-Level Talks which have come into being after nearly 20 years, are a result of the joint efforts of our two sides to solve the reunification problem of the country peacefully through a dialogue; they have roused great expectations and interest among the people at home and abroad.

Even now we cannot forget the warm welcome the citizens of Seoul accorded to our delegation when we had come to Seoul for the first talks, extending us warm greetings in their wish for the success of the talks.

Indeed, we can say that we have made an important start in the first year of the 1990s—the years of reunification.

Delegates from the South side,

Although it is true for all the dialogues between the North and the South, our high-level talks are especially important for their position and mission. We must also say that our responsibility is very heavy.

As a matter of fact, it will be no exaggeration even if we say that the prospects of peace and reunification which have a bearing on the destiny of the nation, depend on our talks and that the desire of our 70 million compatriots is contained in them.

These talks are not a subterfuge that may or may not be held nor a sluggish bargaining that may be held next month or next year if they are not held this month or this year. Ours are responsible talks which should be crowned with success as early as possible and bear fruit without fail by pooling the will of both sides.

During the past talks our two sides repeatedly held serious discussions on wide-ranging issues in accordance with the agenda, and we could ascertain that we can come to an agreement on individual issues.

However, when we look back upon the whole process of the talks, the two sides have not yet settled even the first issue of the talks in spite of the two rounds of full-dress talks and several working-level contacts.

What is arousing our apprehension all the more is the prospect of the talks in view of the actual state of the talks that the opinions of one side on every issue run counter to those of the other side and of the difference of opinions on basic issues.

The issues of entering the UN [United Nations] as one member, of suspending the "Team Spirit" joint military exercises and of releasing the people who have visited the North, the issues to be settled immediately, are still facing us. Furthermore, we have not yet brought the divergence of our fundamental standpoints on easing the political and military confrontation and realizing multifarious cooperation and exchange closer to a common point nor narrowed down the difference in the views on such a basic and reasonable issue as making public a nonaggression declaration.

We have not yet agreed upon how to divide the agenda involving broad contents, and how to consider them in what order of priority.

Frankly speaking, when the non-governmental persons of both sides meet once or twice they easily understand each other and reach a satisfactory agreement. However, the talks between us high-level authorities are still in a state of confrontation.

Today's reality is that the authorities, who should stand in the van in the solution of the problem of reunification, are far behind the compatriots in the reunification movement.

If we drag on the high-level talks at a snail's pace in this way without any prospect, this will certainly give great disappointment to the people at home and abroad. In particular, this will bring about serious consequences of putting the brake on the daily-increasing burning desire of the compatriots for reunification rather than keeping pace with it.

If this happens, it is evident that all the 70 million compatriots at home and abroad who have been observing the North-South talks for nearly 20 years with the alternating feelings of expectation and disappointment, will no longer trust the authorities nor pardon them.

Out of the desire not to make our talks such unsavoury ones, I, at the opening of the third round of the high-level talks, will dwell on some of our views, recognizing the necessity of examining and reviewing coolly the previous talks and of finding the causes of talks being retarded and the lessons for a fresh start.

Firstly, I consider it urgent to see in a new light the question of peace in our country.

Today peace has become the most universal ideal of mankind.

For our nation who is living in the danger of war, peace is most precious and earnest.

Only when peace prevails in the country can we achieve peaceful reunification, the cherished desire of the nation, as soon as possible and save our fellow-countrymen from the disaster of war.

From this viewpoint we have constantly paid primary concern to the question of peace in the Korean peninsula and made sincere efforts to find a solution to this question.

The detailed proposal to remove military confrontation as well as the proposal for a nonaggression declaration advanced by our side in the first round of the talks clearly show our fundamental stand on the question of peace in the country and the ways to solve it.

Our peace programme is clear.

We maintain the settling of the problem of peace in the country on a preferential basis, and, in order to guarantee peace, insist on adopting a nonaggression declaration between the North and South, concluding a peace agreement between the DPRK and the United States, reducing the armed forces of the North and South drastically and withdrawing the nuclear weapons and U.S. troops from South Korea.

However, it can be said that the view and attitude of your side towards the question of peace are in a contrast to ours.

The first point in question is that even though you emphasize peace in general terms, you neglect it in actuality, never considering it as a realistic task whose solution brooks no delay.

Your side has not yet advanced any concrete proposal for guaranteeing peace on the Korean peninsula; during the previous first round of talks you clarified only the general direction of the disarmament.

Your consistent stand expressed in the talks is that the settlement of the military problem should be delayed because it is difficult and the humanitarian affairs and the problem of exchange should be solved, above all else, gradually and by stages, the problems which you claim easy to deal with.

We agree to your proposal on solving the humanitarian affairs and the problem of exchange, but we can never agree on postponing the settlement of the military affairs and the problem of peace which are most urgent.

There is no reason whatsoever to delay the solution of the military question in our country where an unstable ceasefire is enforced with large armed forces opposed to each other.

The North-South confrontation commonly talked about by us is essentially a political and military confrontation which has precisely become a source of mutual distrust.

The sharp confrontation and the deep-rooted distrust will never be removed, nor hopes for their elimination will be harbored, unless peace is guaranteed.

We must first have peace reign if we truly want to end the confrontation and remove the distrust.

Now that peace is needed above anything else, if you want to leave behind the military affairs and come up with the questions of humanitarian affairs and exchange in its stead, it becomes clear that you have no intention but to oppose peace and delay the achievement of reunification into an unforeseeably long date.

We believe that such an irrational conception concerning the matter of peace in our country must be quickly corrected and that the discussion of our agenda can not proceed smoothly unless you have your conception corrected.

Another aspect of the conception of peace is that there is a war-deterrent theory based on the superiority of strength. That peace can be achieved through the superiority of strength is not intended towards peace but actually leads to the theory of war. It will only bring about unlimited arms race, intensify mutual confrontation and distrust and increase the threat of war.

Now the world is becoming aware of this and is transferring from the era of arms race to that of disarmament.

It is, however, only in South Korea that quick arms build-ups are being pushed to achieve the "superiority of strength".

The military expenditures have sharply increased and new types of weapons are being introduced on a large scale. Public information has shown that by the end of 1995 a rapid increase of armament will be sustained there.

Considering your side's conception of peace and your military policy proceeding from it, it is quite apparent that we shall never reach any positive agreement, no matter how long we talk with you on peace. Our talks about disarmament may remain futile through to the end of 1995.

War has become a real danger in our country; there is, in fact, no place in the world where such a great danger of war exists as on the Korean peninsula.

A national disaster is looming before us and we must begin by checking the disaster; it would be so naive simply to discuss how to conduct tourism or business, and that is a behaviour quite unexpected of politicians.

Moreover, the armament-first theory, which is insisting on acquiring the superiority of strength, is an absolutely reckless and irresponsible attitude, which only adds fuel to the fire.

Genuine humanism in our country can never be shown in the realization of a few persons' visit to their home towns; it will be shown only as a result of the achievement of peace and peaceful reunification. A genuine prosperity of our nation will be achieved only with the realization of peace and peaceful reunification.

It is only in peace and peaceful reunification that we must seek genuine humanism which will eliminate completely the sufferings of our divided nation and which will truly guarantee our nation an enduring prosperity.

We must not delay the solution of the question of peace, nor lay any hindrance upon it; we must begin by adopting the nonaggression declaration on refraining from fighting each other and set to the work of discussing and solving the matters related to the elimination of military confrontation, including the matter of disarmament.

As we have explained in the second round of talks, we are not insisting on discussing this matter before anything else but mean debating and settling it along with the humanitarian affairs and economic exchange. We believe that if you share this principled attitude of ours, you can hardly make any excuse to hesitate and evade the discussion of the matter of peace and the military affairs.

Secondly, we must resolutely repudiate the attitude towards allowing or relying on the outside interference in achieving reunification.

The North and the South have already confirmed, through the July 4, 1972 joint statement, one of the three principles of national reunification that it should be achieved independently without relying on or allowing the interference of the outside forces.

As we have stressed on many occasions, those who are responsible for the national reunification are none other than our nation.

No one would present the reunification of the country to us; it is not the kind of undertaking which we are to carry out by seeking any assistance from others.

As we feel the urgency of reunification and the efforts to achieve it even more than before, we must have a faith in our nation's potential, instead of relying on the outside forces, and we must pave the wide road for reunification by pooling the internal force of our nation.

However, even now when 45 years have passed since the August 15, your side has not yet abandoned the attitude of relying on the outside forces.

We feel that it is this attitude that has been throwing main obstacles in the way of our dialogue.

As to the adoption of the North-South nonaggression declaration which we have been discussing since the second round of talks, we can easily say that your side objected to the adoption of this document mainly because you want to keep the U.S. troops stationed in South Korea.

If the North and the South are committed to refraining from fighting each other, U.S. troops who are present in South Korea allegedly to prevent the outbreak of war, must get out of there; their withdrawal will be all the more advantageous to the realization of peace and reunification of our country.

But you are reluctant to adopt the declaration simply because you want to keep U.S. troops. It is intolerable because it is most outspoken dependence on the outside forces.

U.S. forces hold the prerogative of the South Korean Army and their presence is the main threat to the peace on the Korean peninsula.

Even under this situation we are proposing to sign a nonaggression declaration with your side with the U.S. forces left in South Korea. This demonstrates our sincere desire to make a breakthrough in guaranteeing peace by all means and our expectation for your independent stand.

But, if your side ignores our sincerity and is doggedly opposed to the adoption of the nonaggression declaration simply to seek a sustained presence of U.S. troops, it will only bring disgrace to your honour and indicate that you have no desire for peace. If one depends upon foreign forces, one cannot avoid their interference and cannot but try to read their mind. Consequently, our talks are bound to lose independence and be restricted by external factors.

If your side does not give up its position of seeking the "protection" of American nuclear weapons and armed forces which can drive the whole nation into nuclear holocaust, it will be difficult for us to settle any problem concerning peace, let alone that of adopting nonaggression declaration.

But if your side frees itself from such a stance of dependence on outside forces, there will easily and definitely open the prospect of solving the problem of the peace of our country.

Another thing we have to point out as regards our relationship with foreign forces is that you are conducting an entreaty diplomacy as regards North-South relations and reunification.

North-South relations and reunification are internal affairs of our nation which should be settled through dialogue between the two sides under all circumstances. The North-South High-Level Talks are an excellent means of dialogue for the settlement of these problems and provide adequate opportunities to solve our internal matters. However, instead of seeking the solution of problems between ourselves at the talks, you are entreating foreign countries for intervention and interference in an effort to force your will upon the other side. This cannot be regarded as a stance to solve problems reasonably, nor as a sincere and serious attitude towards the other side.

In accordance with the "northern policy" your high-level authorities visit different countries and ask them to help you in "guiding" us towards "openness". This cannot but be considered as an extremely insidious and provocative act of trying to force us to change our system with the help of others. This act is a glaring manifestation of an open challenge to the other side's system and a glaring manifestation of the partitionist stance of rejecting the settlement of the reunification problem through dialogue with the other side. But you must understand that your entreaty diplomacy will only aggravate confrontation and increase distrust, that it can never affect our immutable, thoroughly independent position and the socialist system of our own type which is most superior and stable, and that your wish for any change on our part is a mere illusion.

We only wonder when this dependence on outside forces and flunkeyist way of thinking imparing national dignity and interests will disappear.

Ours is a dignified nation with the strong spirit of independence and self-respect.

Is our nation not able to reunify its country by its own efforts? Yes, it is fully capable of reunifying the country.

In the past we lost the country to great powers and our nation underwent great sufferings because of the policy of relying on foreign forces. We must never repeat this disgraceful history.

If you really have the intention to be reconciled to and united with us and reunify the country from the national standpoint, you must not depend on foreign forces and go to big countries for the solution of the internal affairs of the nation, but take a sincere attitude towards the dialogue with us belonging to the same nation.

Herein lies the fundamental way of breaking the deadlock in our talks, we think.

Thirdly, we keenly feel that we should have a sincere and trustful attitude towards the dialogue for successful talks.

Only when dialogue is basern trust can it be successful and bear good fruits. Dialogue based on mistrust is a deception and such a dialogue only gives rise to misunderstanding and distrust.

If we are to have a trustful dialogue our words of yesterday and today must not differ and our words must agree with our deeds.

We should like to stress that the trustful dialogue is of special importance particularly at our high-level talks representing the authorities.

Faithless words and deeds between us may baffle these important high-level talks and have irrecoverable effect the solution of the reunification question. It is quite regrettable that we must refer to this today, not long after the high-level talks started. We say this, bearing in mind the irritating statements your side made in Tokyo, Japan. In Pyongyang you said again and again that you "estimate" our manifestation of new attitude and our new proposals. But, later in Japan, you said that "there is no change in the attitude of the North Korean side." There is obviously a problem in your different statements, we must say.

You say good things to us at the dialogue and you say to others that the responsibility for no progress in the dialogue rests with us. This distortion of fact and slander brings nothing good in making our dialogue a trustful one.

As for UN membership, it is not a faithful attitude to go to another country and conduct diplomatic lobbying for separate UN membership even though the parties concerned still have to solve the problem. At the talks with us you appreciated the improvement of DPRK-Japan relations. But your statements and conducts in Japan put brakes on the improvement of DPRK-Japan relations. How can we trust you and have talks with you in the future, we wonder. If we value our talks and are to lead the talks to success we must approach the other side sincerely, keep faith with each other and have trustful talks.

I have referred to some lessons we have learned from our talks held so far and hope your side will give serious consideration to this for a successful progress of our talks in future.

Delegates of the South side,

The sides had prior consultations in real earnest on the documents to be submitted to the third full-dress talks through three working-level contacts at Panmunjom.

The main point at issue at these contacts was what kind of documents the third high-level talks should adopt and what the documents should contain.

In this context, at the first working-level contact we proposed to adopt three documents—"the joint statement of the North-South High-Level Talks", "the North-South declaration of nonaggression" and "the declaration of North-South cooperation and exchange", taking into consideration the proposals and suggestions both sides advanced at the first and second high-level talks and put forward their drafts, and your side partially amended the draft "basic agreement on the improvement of North-South relations" put forward at the first high-level talks and insisted on submitting it at the third high-level talks.

At the second working-level contact, respecting your view that it would be difficult to adopt three documents because time was short, we proposed to adopt two documents—"the North-South declaration of nonaggression" and "the declaration of North-South cooperation and exchange".

But your side obstinately insisted on adopting only one document "the basic agreement on the improvement of North-South relations". This difference between the sides was not eliminated even at the third working-level contact, with the result that we are having the third high-level talks today with no agreement reached.

Though the working-level contacts did not produce any good results, we consider that the question does not lie in the number of the documents to be adopted. In view of your opposition to our proposal to adopt two documents—a declaration of nonaggression and a declaration of cooperation and exchange —and of the fact that you have, from the beginning, attached priority to the cooperation and exchange proposal, it is clear that your side intends to avoid the adoption of the nonaggression declaration.

The adoption of the North-South nonaggression declaration is the starting-point in removing misunderstanding and mistrust, eliminating confrontation and opening a new phase for peace and peaceful reunification of our country.

Nevertheless, you are stubbornly trying to avoid this. This self-exposes that your former calls for adopting a nonaggression declaration were empty talks and the "threat from the north" was a fiction, and only shows that your side is not interested in preventing war. It is illogical for you side to insist on "attaching top priority to confidence-building" while avoiding the adoption of a nonaggression declaration.

It is clear to everyone that confidence-building is not a problem to be solved before the adoption of a nonaggression declaration but its adoption itself is a most solid and reliable measure for confidence-building.

We cannot understand how can one talk about building confidence while avoiding the adoption of a nonaggression declaration solemnly promising at home and abroad not to attack or conquer the other side.

If your side even doubts our proposal to adopt a nonaggression declaration, there will be virtually no problems the North and South can solve.

We think that there is no need of stressing again the urgency of the adoption of a nonaggression declaration. The question is whether to adopt it as a separate document or include it in other document. We consider that it should be adopted as a separate document in view of its importance.

But, if your side persistently insists on adopting one document we are ready to consider a short cut to solution not to waste time over the form of documents.

Taking into consideration your proposal from this viewpoint, we propose to integrate our draft nonaggression declaration and your draft declaration of reconciliation and cooperation and adopt it as one document.

We propose to name this one document "the North-South declaration of nonaggression, reconciliation and cooperation" and include the following points in it:

Declaration of North-South Nonaggression, Reconciliation and Co-Operation (Draft)

Reaffirming the three principles of national reunification—independence, peaceful reunification and great national unity—set out in the July 4 joint statement in keeping with the desire of the entire nation for peace and peaceful reunification of the country and seeking to ease the tension, remove the danger of war, promote national reconciliation and unity, and create a favourable environment for the reunification of the country, the North and the South solemnly declare as follows:

1. The North and the South shall recognize and respect each other's ideologies and social systems and refrain from interfering in the internal affairs of the other side, settle the differences and disputes between them peacefully through dialogue and negotiation and cease to abuse and slander the other side.

2. The North and the South shall not use arms against the other side under any circumstances, nor shall they infringe upon the other by force of arms, and, in order to guarantee it, shall stop their arms race, build military confidence and reduce their armed forces stage by stage.

3. The North and the South shall designate the military demarcation line laid down in the agreement on the military armistice in Korea dated July 27, 1953 as the demarcation line of nonaggression and convert the Demilitarized Zone along the military demarcation line into a peace zone.

4. The North and the South shall install and operate direct telephone links between the military authorities of the two sides in order to prevent the outbreak and escalation of accidental armed conflict.

5. The North and the South shall ensure free travels and contacts between personages and compatriots of all walks of life.

6. The North and the South shall effect economic cooperation and exchange of goods and share informations on the successes and experience and co-operate with

each other in all sectors of science, technology, education, culture, health care, sports, the press and information, for the common interests and prosperity of the nation.

7. The North and the South shall restore the severed network of transport and communication lines between the two sides.

8. The North and the South shall discontinue competition and confrontation and cooperate with each other in the international arena and jointly conduct external activities.

9. The North and the South shall set up sub-committees within the framework of the present talks to discuss measures for the implementation and assurance of this declaration.

10. This declaration shall come into effect from the day when the North and the South sign it and exchange its text and, it shall be valid until the reunification of the country, unless one side informs the other of its abrogation. [Following names transmitted by KCNA side-by-side] Yon Hyong-muk, head of the North side delegation to the North-South High-Level Talks, premier of the Administration Council of the Democratic People's Republic of Korea Kang Yong-hun, chief delegate of the South delegation to the North-South side high-level talks, prime minister of the Republic of Korea December, 1990

The "declaration of North-South nonaggression, reconciliation and co-operation", both in its title and contents, not only fairly represents the assertions of both sides, but also fully reflects the questions of principle and practical matters which should be solved in removing misunderstanding and distrust and promoting reconciliation and unity between the North and the South and in achieving peace and peaceful reunification.

Our new proposal to adopt "declaration of North-South nonaggression, reconciliation and co-operation" is an expression of our earnest desire to make this high-level talks fruitful by all means so as to bring happy news to the people at home and abroad.

Considering that there is no reason for your side to refuse to accept our proposal for the adoption of "declaration of North-South nonaggression, reconciliation and co-operation", we hope that an agreement will be reached on it.

Next, let me outline our views on the matter of having divided counsels.

At the second talks the assertions of the two sides conflicted with each other on the order of discussion and, as a solution to it, we put forward the proposal of package agreement and simultaneous implementation to discuss and carry into practice in parallel the removal of the political and military confrontation and cooperation and exchange between the North and the South.

We still consider that this formula is reasonable.

We envisage an exceptional rule to treat urgent issues separately. Under such condition, package agreement and simultaneous implementation will lay no hindrance to the solution of the problem.

As for the divided counsels for the effective steering of the talks, we are of the opinion that they, instead of two branches, should consist of three branches including the problems of cooperation and exchange, while separating political and military affairs in consideration of the importance and seriousness of the issue. Since this problem is connected with the implementation of the "declaration of nonaggression, reconciliation and cooperation between the North and the South" which we are going to adopt, we propose to set up appropriate subcommittees through consultations after this document is adopted.

Next, we would like to say once again about the problems of the entry into the United Nations, the discontinuation of the "Team Spirit" joint military exercises and the release of the visitors to the North, which we took up at the first round of talks and the solution of which we urged at the second round.

These three problems are most urgent and important political and military pending issues which await solution at present.

So far, we have given a sufficient explanation about the significance of the settlement of these problems and its urgency. While putting forward various possible ways for their solution, we have awaited your affirmative response with patience and efforts.

Many days have elapsed since we presented these problems. But none of these problems have yet been solved and there are no signs of their settlement.

What makes us regret all the more in this connection is that your side is not interested in the solution of the issue, but is rather aggravating the difficulties.

In our view, your side still adopts the position that the North and the South should enter the United Nations separately and continues to conduct behind-the-scene lobbying to realize, at least, the unilateral membership of South Korea.

As we pointed out previously, we have lived without joining the United Nations for more than 40 years since the division of the country. At the moment when reunification is in the offing and the measures for U.N. membership are being discussed at the North-South high-level talks, the insistence upon the separate or unilateral entry into the United Nations with utter disregard for the aspirations of fellow countrymen for reunification and high-level talks is at odds with the idea of reunification and the ethics of talks.

Your side has said that the proposed entry into the U.N. with one seat is a good idea, but it is unrealistic. It is also an attempt to avoid the responsibility.

Whether it is realistic or unrealistic depends on the will and efforts of us the parties concerned. It will be made clear when an application is filed with the U.N. for joint membership.

We cannot regard it as a stand for the solution of the problem to evade what is quite possible to do without having a try, considering it unfeasible.

As for the release of those who visited the North, immediately after the second talks Rev. Mun Ik-hwan was released, but student Yim Su-kyong and others remain in prison.

What makes the situation more complicated these days is the repression of the delegates of the South sides promotion headquarters of the pan-national rally [PNR], who returned after discussing the reunification question in a foreign country with compatriots from the North and abroad.

Your side has no reason whatsoever to incriminate them.

They met the delegates from the North and abroad overtly in a foreign country to discuss the reunification problems and reaffirm the foundation of the Pan-National Alliance for Reunification (Pomminnyon). It is another event of importance which will go down in the history of our nation's reunification movement. Accordingly, their righteous behaviour deserves to be praised by all the compatriots.

Therefore, arresting them on the charge that they went abroad and met their fellow countrymen without permission is a grave violation of human rights and an act of political repression.

To claim that conducting diplomatic activity with foreigners in other countries to divide the country poses no problem, but meeting with fellow countrymen to discuss the reunification question abroad is a crime— this is, in fact, not a legal problem, but an issue of political character.

To incriminate their dialogue with the delegates from the North and abroad, branding it as a behavior against the high-level talks, is a repression of the discourse on reunification. At the same time, abusing the high-level talks as a means of blocking the contact and travel of non-governmental persons is nothing but an insult to the high-level talks.

We regard the repression of the delegates of the South side's promotion headquarters for the PNR as an extension and expansion of the suppression of those who visited the North and a downright challenge to the unanimous desire of the people, internal and external, for their release.

At present, the people both at home and abroad are closely watching your attitude, linking the "Team Spirit" joint military exercises with the prospect of the North-South High-Level Talks. As part of the efforts to find a solution to this problem, we made a flexible proposal at the second talks to cease the "Team Spirit" exercises tentatively at least during the talks, if you could not stop them completely, and the proposal on both sides sending a letter to the U.S. Government on behalf of the North-South High-Level Talks demanding the cessation of these military exercises, if it is impossible for you alone to make a decision to do this.

However, it is a great pity that your side has failed to take any measure to stop the "Team Spirit" joint military exercises and instead declared that it would stage these exercises next year, too, under an agreement with the United States.

All of your negative attitudes towards the three urgent questions advanced by us show that your side is still interested in confrontation and not reunification, wishes the aggravation of tension instead of relaxation, and tries to drag on the time indefinitly, instead of solving the questions through dialogue.

Such attitude of your side make us deeply worry about the prospect of the relations between the North and the South and of our high-level talks.

Your side must give up the old stand and attitude and do no more act of causing difficulties in the talks and darkening the prospect of national yeunification.

We consider that your side should ponder over the desire of the whole nation for the country's reunification and peace and the sincerity of our side which treasures the high-level talks, and show a due concern about the solution of the three urgent questions raised.

This year has almost passed. Therefore, the questions facing us that need an urgent solution must be dealt with within this year.

We hope that at this round of the talks you will give us definite answers as regards positive measures to enter the UN with one seat, to stop the "Team Spirit" joint military exercises and to release those who visited the North, so that we may clinch these three urgent matters brought up for discussion at the present talks and, from the next year, concentrate our efforts on the discussion of basic problems to be solved at our talks.

Delegates of the South, at this moment when we are seeing off the significant first year of the 1990s, all our fellow countrymen are reviewing proudly the past one year which has passed in their continuous efforts for reunification.

If our high-level talks are to review their work significantly, we must wind up this third round of the talks successfully.

If even this round ends with no result, we will leave nothing but the name of the high-level talks and we will not be able to avoid the blame for having done nothing for reunification.

At present, attention at home and abroad is not focussed on the opening of the high-level talks itself, but on the results of the talks.

The time has passed when an emphasis was put only on the significance of the opening of the high-level talks.

What is particularly important for us is to make this third round fruitful talks.

We delegates of the both sides must by all means reach a good agreement at this third round of the talks, thus significantly concluding the first year of the 1990s, the decade of reunification.

Thank you.

NODONG SINMUN Urges Sincerity in Talks

SK1212044190 Pyongyang Domestic Service in Korean 0020 GMT 12 Dec 90

[NODONG SINMUN 12 December commentary: "The Talks Must Be Capable of Substantially Solving the Reunification Question"]

[Text] At a time when all the Korean compatriots in the North, the South, and abroad are full of burning faith in and ardent desire for national reunification, the third round of the North-South High-Level Talks is to be held in Seoul today.

All the fellow countrymen are now hoping that the talks this time around would bring about good results at any cost and open a favorable phase for national reconciliation and unity, peace and reunification of the country, instead of repeating the ugly precedent of the past two rounds of talks which ran around in circles without producing any worthy results.

In retrospect, we have made every effort possible to make the North-South High-Level Talks fruitful ones that are capable of substantially contributing to the settlement of the reunification question after attaching great importance to the talks.

At the first round of talks in Seoul, we made clear the firm stand of our party and the Republic's Government and, at the same time, put forward three principles that the both sides are required to observe in the whole course of talks, and then advanced detailed proposals concerning the agenda items brought for discussion, such as the removal of the political and military confrontation between the North and the South and for the realization of diverse cooperation and exchange.

At the second round of talks in Pyongyang, we proposed that a North-South nonaggression declaration be adopted and announced at the earliest possible date, while stressing the need for the two sides to make clear at home and abroad the common desire of the two sides for peaceful reunification and work out and announce an agreement capable of credibly guaranteeing a joint starting point.

Our side's proposals are the most realistic and reasonable ones, capable of removing the acute political and military confrontation prevailing between the North and the South and of opening a turning point for national reconciliation, unity, and reunification.

Had our proposals—suitable to the mission and objective of the North-South High-Level Talks and fully corresponding to the national desire for reunification—been realized, there is no need to say that an epoch-making opportunity would have been provided already for peace and peaceful reunification.

However, with the South side showing no favorable reaction to our effort made for successful headway in the North-South High-Level Talks, the past two rounds of talks came to an end without any fruition, without even resolving such a single issue as adopting the North-South nonaggression declaration.

As is known, the South, while refusing to discuss such urgent and essential issues arising in the settlement of the reunification question as the removal of the political and military confrontation in the past rounds of talks, laid artificial obstacles to the discussion of issues by raising such secondary issues as exchange and cooperation.

What is more, the South side insisted on recognition of its entity and reality, a splittist idea that does not sit well with the nature of dialogue for reunification, and has brought out into the open its attempt to perpetuate the current state of division by idling away time with limited visits and exchange between the North and South.

The South side has not accepted a single one of our just and fair demands and has gone so far as to describe: our demand for the release of those who visited the North as interference in its internal affairs, South Korea's unilateral admission into the United Nations as having nothing to do with North-South relations and reunification, and the "Team Spirit" war exercise as being no obstacle to talks between the North and South.

Until the end of the second round of the North-South High-Level Talks, the South side did not respond to our proposal for adopting the North-South nonaggression declaration, which reflects national desire for reunification and even the contents of the South side's proposals, with such preposterous conditions such as it is difficult in terms of procedure or that it does not have the proper authority.

All this cannot be construed other than as a deliberate act aimed at keeping the North-South High-Level Talks from making progress. Even the South side's act committed behind the scenes of dialogue with us should be made an issue, as a matter of course.

Even while the South side was discussing the issue of the single UN Membership with us at Panmunjom, the South side, through official strata [kongsik kyechung] including the person in highest authority, raved about the unilateral entry of South Korea into the United Nations. Furthermore, they carried out activities to beg the support for this by traveling overseas. They conspired with the United States on continuously staging the "Team Spirit" war exercise against us, and strained the situation to an extreme point while increasing the Armed Forces.

Still confining in prison the people who visited the North including woman student Yim Su-kyong and Father Mun Kyu-hyon, they unhesitatingly perpetrated such antinational acts as making the patriotic reunification figures who discussed the reunification issue with us overseas a sacrifice of the National Security Law.

We are making efforts for the reunification of the nation. At this moment, the South side is scheming to enter the United Nations for perpetuation of division and to continue war exercises against its partner in dialogue. In addition, the South side imprisoned the figures and people from all walks of life who called for reunification through collaboration with Communists and collaboration with the North. It is clear to everyone that such acts by the South side are not the position to truly reunify the nation.

The dialogue between the North and the South should thoroughly serve the national reunification and practically contribute to resolving the reunification issue.

The dialogue should be designed to remove the state of distrust and confrontation between the North and the South and to practically resolve the reunification issue.

If one attempts to use dialogue for a separatist purpose, just as the South side, there is no need to hold such dialogue. In order to bring good fruition by making successful progress in North-South dialogue, one should take a correct position and attitude toward dialogue.

Dialogue is to be held between two sides. Therefore, one cannot win any success with merely one side's efforts. If one side, putting forward reunification-pursuing proposals, is making sincere efforts to realize them while the other side is pursuing division, one can never expect good fruition forever from dialogue being held between these two. This is proven by past history in which there were dialogues but there were no successes.

The sound is made only when one claps both hands. Only when the South side discards wrong position to instigate anticommunist confrontation behind the scene of dialogue and to perpetuate division and takes the sincere position for national unity and reunification, can good results be attained in the North-South High-Level Talks.

The South side should come to the table of dialogue with faithfulness. The remarks it made yesterday and today and the acts it conducted in the front and in the back should not be different. Dialogue held with it will only increase the misunderstanding and distrust between the North and the South.

The South side merely gives lip-service to peaceful reunification. However, the South side, in actuality, militarily threatened us, the partner of dialogue, and slandered even our political system, thus continuing anticommunist confrontation commotion.

Furthermore, the South side openly made an extremely provocative remark that the reunification should be achieved through victory over Communists by infusing the wind of so-called liberalization and demolishing the socialist system in the northern half of the Republic. This being the situation, how can we expect the success in dialogue?

If the South side truly treasures the North-South High-Level Talks and wants successful talks, it should discard the outdated idea for confrontation, should treat the other side with sincerity, should keep faith with its partner and should have a correct attitude for dialogue.

The prospects of the third round of North-South High-Level Talks totally depend on with what attitude and position the South side will come to the table of talks.

If the South side attempts to waste time with empty dialogue and political bargaining, just as in the past two-rounds of talks, one can hardly expect success in the current talks.

It is now time when practice is important instead of words. The South side should not repeat its unjust acts revealed during the past talks. The South side should come to the table of talks with a sincere position and attitude to earnestly resolve even one of the reunification issues.

Union Chairman Sends Letter to South Counterpart

SK1212050290 Pyongyang Domestic Service in Korean 0412 GMT 12 Dec 90

[Telephone call from Yi Song-ho, acting chairman of Red Cross Central Committee, to Kim Sang-hyop, president of the ROK Red Cross Society, on 12 December—read by announcer]

[Text] As requested, I will send two liaison officials to the conference room of the Neutral Nations Supervisory Committee at Panmunjom at 1500 on 14 December, Friday, 1990, to deliver a letter from Choe Kum-Sun, chairman of the Central Committee of the trade union of educational and cultural functionaries of Korea, to Yun Yong-kyu, chairman of the pan-national teachers' trade union of your side.

I hope that you will take corresponding steps.

Yi Song-ho, acting chairman of the DPRK Red Cross Central Committee

[Dated] 12 December 1990

WPK Sends Gifts to North Musicians in Seoul

SK1212120290 Pyongyang KCNA in English 1014 GMT 12 Dec 90

[Text] Seoul December 11 [date as received] (KCNA correspondent)—A ceremony for conveying gifts sent by the Workers' Party of Korea [WPK] to the Pyongyang National Musical Troupe participating in the "traditional concert for reunification seeing 1990 out" was held at Sheraton Hotel in Seoul Tuesday evening.

Hung on the front wall of the place of the ceremony was a portrait of the great leader President Kim Il-song.

Premier Yon Hyong-muk now in Seoul to participate in the third round of the North-South High-Level Talks hailed the successful performance of the troupe in Seoul and conveyed the gifts associated with the loving care of the party to the members of the troupe.

The entire members of the troupe were overwhelmed with gratitude for the gifts of benevolent love sent by the party with the affection of a mother who thinks more of her children far away than those near at her side and is always solicitous for them.

At the ceremony head of the troupe Song Tong-chun, vice-chairman of the central committee of the Korean Musicians Union, said that these gifts will give impetus, courage and wisdom to the troupe in its activity. Until our return to Pyongyang, we will show more clearly through the performance that the country, the nation and songs are all one, and thus creditably discharge our mission and duty as "envoys of arts", as "envoys of reunification" and repay the party's benevolence, he stressed.

Commentary Stresses Early Date for Sports Talks

SK1212120790 Pyongyang KCNA in English 0959 GMT 12 Dec 90

[Text] Pyongyang December 12 (KCNA)—The head of the North side's delegation to the inter-Korean sports talks sent Monday a telephone message to the chief delegate of the South side's delegation proposing to have on December 20 the second sports talks concerning the formation of unified teams.

NODONG SINMUN today in a commentary says that the proposal put forward by the North side is in full accord with the unanimous desire of the fellow countrymen to see the participation of unified teams in international games.

Noting that the date of the next talks has not been decided yet although 10 odd days have passed since the first talks, the news analyst says:

As the process of the first inter-Korean sports talks showed, the South side does not favor the participation of the North and South in international games as unified teams.

In setting it as the first agenda item to be discussed and resolved before anything else at the talks that the North and the South form unified teams to participate in major international games, we proceed from the patriotic stand to rejoin the severed national bonds between the sportsmen in the North and the South, promote national reconciliation and unity and achieve national reunification.

In doing so we also follow the joint agreement reached between sports officials of the North and South in October this year.

Nevertheless, the South side reversed even the item which both sides agreed upon, going against the nation's desire for reunification. This is a very mean act of intentionally creating difficulties and obstacles in the way of forming unified teams.

In the final analysis, this means that the South side wants to live in the state of division of the country into North and South, while making "exchange", without doing anything favorable to national reunification not only in the political and military fields but also in the sports field. It can never be construed otherwise than that they remain unchanged in their scheme to seek North-South confrontation and division.

The South side must give an affirmative response to our just proposal to hold the second inter-Korean sports talks on December 20 with a correct stand toward the nation's desire for Reunification and the joint agreement which was proclaimed solemnly at home and abroad, stresses the commentary.

South Businessman Defects to North

SK1112153290 Pyongyang KCNA in English 1518 GMT 11 Dec 90

[Text] Pyongyang December 11 (KCNA)—Won Yongkwan, 28, who was a representative of the Ansan Tongil Business Company of South Korea came over to the northern half of Korea.

He was born into a peasant family in Pyongtaek, Kyonggi Province, as the youngest son.

Referring to the motive of his coming over to the North, he said that while participating in the student movement during his university days he realised the North is a genuine socialist society in which all the working people live well equally as masters of the country.

He said that reading with avidity NODONG SINMUN and other publications from the North, he understood that the great President Kim Il-song's politics is a good popular politics of valuing man most. I have since revered him boundlessly, he said.

Through the articles written by Rev. Mun Ik-hwan and student Yim Su-kyong who had visited the North, he noted, I realised that all the propaganda of the authorities in the South is a lie and firmly believed that the socialist North is the place where our nation is able to lead a genuine life.

He said that at last he took an opportunity of his foreign tour to come over to the North.

He added he was happy to have come to the North.

KCNA Reviews 12 Dec Pyongyang Press

SK1212064590 Pyongyang KCNA in English 0519 GMT 12 Dec 90

[Text] Pyongyang December 12 (KCNA)—Papers here today carry a message of greetings Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea, sent to Jose Eduardo dos Santos upon his reelection as president of the MPLA [Popular Movement for the Liberation of Angola]-Workers' Party.

Conspicuous in NODONG SINMUN is a story about the benevolent love shown by the great leader President Kim Il-song and dear Comrade Kim Chong-il for Ko Tae-mun who was chairman of the Korean Judo Association.

A MINJU CHOSON article deals with the wise guidance of Comrade Kim Chong-il to the construction of Tongil Street in Pyongyang.

NODONG SINMUN gives an account of a meeting of the participants in the National Art Circle performance of honored disabled soldiers held to repay deep love and trust of President Kim Il-song and the party with loyalty.

Given in the press is an account of a meeting held in Seoul to convey gifts from the Workers' Party of Korea to the Pyongyang national musical troupe now participating in the "traditional concert for reunification seeing 1990 out".

Thanks of the WPK Central Committee were conveyed to Tongchon County, Kangwon Province, that set an example in educational work, says the press.

Included in the econews of the press are reports that the Sunchon Cement Complex is increasing cement production, the General Bureau of Auto Transport overfulfilled its yearly transport plan and the construction of Tongil Street is progressing apace.

Appearing in papers are reports that the North side's delegation to the third round of the North-South High-Level Talks passed through Panmunjom and arrived in Seoul and the South side's "prime minister" arranged a dinner for the delegation.

Papers inform the readers that the third preliminary talks for the normalisation of the DPRK-Japan relations will be held in Beijing on December 15.

According to NODONG SINMUN, the general secretary of the Central Committee of the Socialist People's Party of Mexico met a delegation of the Workers' Party of Korea.

Papers carry articles urging the South side to approach the third round of the inter-Korean high-level talks with a sincere stand and attitude to solve the reunification question in good earnest.

Carried in NODONG SINMUN is an article of a reporter who saw the ardent desire of the South Korean people for reunification on his way to Seoul from Panmunjom.

South Korean news columns of the press include reports that the South side's authorities whisked away the mother of Yim Su-kyong from the place of the second joint performance of the "traditional concert for reunification seeing 1990 out" and dissidents staged a demonstration in demand of the release of the South side's delegates to the Berlin tripartite working-level talks over the "Pan-national Alliance for Reunification" (Pomminryon).

The executive chairman of the "traditional concert for reunification seeing 1990 out" gave a dinner for the Pyongyang national musical troupe, reports the press.

A press conference was held at the Korean Embassy in China on the upcoming South Korean chief executive's trip to the Soviet Union, says the press.

A commentary of NODONG SINMUN urges the South side to affirmatively respond to the North side's just proposal to hold the second North-South sports talks on December 20.

MINJU CHOSON carries an article titled "The Driving Force for National Reunification Is the Entire Korean Nation."

NODONG SINMUN conveys what foreign public said about the happy life of the Korean people who enjoy genuine freedom and rights.

The paper informs the readers that the book "The Sun That Rose Above Socialist Korea" was published in Bangladesh.

Foreign news columns of the press include reports that cadres of Chinese party and state organs went to sites of irrigation projects and took part in labor, participants in the leading officials' meeting of all-union state-run enterprises of the Soviet Union openly criticized the restructuring policy, the Pakistani prime minister called upon the people to display self-reliance and a secretary of the Central Committee of the Ukrainian Communist Party referred to the unemployment problem.

The international committee of jurists for democracy and human rights in South Korea exposed violations of human rights in South Korea and the U.S. imperialists staged a nuclear air strike exercise and air transport operation exercise against the North, says NODONG SINMUN.

Papers inform the readers that Won Yong-kwan who was a representative of the Ansan Tongil Business Company of South Korea came over to the northern half of Korea.

NODONG SINMUN in an article lays bare the moves of the U.S. imperialists who seek only confrontation and war on the Korean peninsula.

South Korea

N-S Talks Address Issue of Nonaggression Pact

SK1212083190 Seoul YONHAP in English 0720 GMT 12 Dec 90

[Text] Seoul, Dec. 11 [date as received] (YONHAP)—South and North Korea, in talks between their prime ministers on Wednesday, indicated a willingness to partly accommodate each other's position on the thorny issue of signing a non-aggression declaration. During the first session of the third round of talks, South Korean Prime Minister Kang Yong-hun said the North's proposed non-aggression declaration could be discussed after a basic agreement on improving inter-Korean relations is adopted.

"The South and the North shall establish a joint subcommittee for South-North exchanges and cooperation and a joint subcommittee on South-North political and military affairs within one month after this agreement has gone into effect," Kang told North Korean Prime Minister Yon Hyong-muk.

He said the basic agreement could include promises to adopt a non-aggression declaration, to stop mutual slander, to allow mutual open access to television, newspaper, radio and publications, and to sign agreements on travel, communications and economic exchanges and cooperation.

Kang proposed that the two sides "promptly and unconditionally" permit free correspondence, reunions and visits between separated families and their relatives. Kang also suggested converting the armistice agreement into a peace regime and ending confrontation in the international community. Kang proposed an eight-point draft non-aggression arrangement to be discussed at the joint subcommittee on South-North political and military affairs.

The draft objects to use of military force and "any form of aggression" against each other, demands peaceful settlement of disputes, and calls on each side to define the military demarcation zone as a non-aggression zone, abandon policies to destroy and overthrow the other's system and work out measures to end military confrontation and arms race and to "firmly" guarantee non-aggression.

The draft also proposes formation of a joint military committee, search for an international guarantee for non-aggression and not linking the non-aggression declaration to multilateral treaties or agreements to which the two sides have already subscribed.

"We have no reason at all to avoid signing a non-aggression pact nor see any need to do so. Although we call for a South-North non-aggression agreement, we do not want a hollow pact which is an agreement in name only. What we tirelessly seek is a non-aggression agreement which is predicated on the establishment of workable basic relations between the South and North and the building of mutual trust and which is bolstered by a determination to abide by it and also by reliable safeguards," Kang said.

Yon Hyong-muk said there was no question on the North Korean side that a non-aggression pact should be adopted immediately. He proposed a declaration calling for mutual respect for the ideas and systems of the other side and an end to slandering, opposition to the use of force and phased reduction of arms, an end to the arms race, the building of military confidence, and turning the Demilitarized Zone into a peace zone.

He also envisioned opening hotlines between the military authorities of South and North Korea, realizing free travel and contacts between peoples of the two sides, and pursuing mutual interest, exchange and cooperation in various sectors.

Yon called for restorating transportation and communications links severed four decades ago, replacing rivalry in the international arena with joint advancement, and formating three committees, to deal with politics, military affairs, and cooperation and exchange. The committees could be formed after adoption of the declaration, Yon said.

Yon and his 90-strong delegation came to Seoul on Tuesday to follow up high-level political, military discussions in Seoul in September and Pyongyang in October.

Korea was divided at the end of the World War II and suffered a fratricidal war from 1950 to 1953. The passing year witnessed unprecedented activity between the two sides on the surging tide of East-West detente. In separate news conferences, the spokesmen for the South and North Korean premiers briefed reporters on the outcome of the first session.

Yim Tong-won of the South said his side was eager to form an environment conducive to the adoption of a non-aggression pact. "President No Tae-u expressed willingness to declare non-aggression in his address to the United Nations and the willingness is still in effect. We want to form an environment conducive to adopt a non-aggression declaration as soon as possible," Yim said.

When a North Korean reporter asked if he believed German-style unification was possible in Korea, Yim said, "We don't have the idea to unify the nation through absorption. We don't want one side's eating the other side for unification."

An Pyong-su, spokesman for the North, said Seoul rejected the non-aggression pact as it meant the withdrawal of U.S. troops. "South Korea is trying to avert its eye from the cold reality of the Korean peninsula by arguing for personnel and economic exchanges, leaving behind the military and peace-related issues." "South Korean officials are making appeals concerning national reunification and North Korea's opening to foreign countries while the high-level talks drag on. These acts tell us that they are neglecting the high-level talks," An said.

Officials Angered by North Journalists in Seoul

SK1212092390 Seoul YONHAP in English 0844 GMT 12 Dec 90

[Text] Seoul, Dec. 12 (YONHAP)—North Korean journalists slipped out of their hotel unnoticed on Wednesday morning to explore downtown Seoul, visiting a university and an open-air market, interviewing South Korean citizens and passing out propaganda. They praised their country and handed leaflets to pedestrians for some 80 minutes, and outraged South Korean officials accused them of violating an agreement covering the talks between the South and North Korean prime ministers.

Yi Kil-song of NODONG SINMUN, the Communist Party organ, and four other newsmen had lunch with the parents of Yim Su-kyong, a student jailed for her unauthorized visit to the North last year. Kim Kwang-il of the Korea Central News Agency and three others went to Tongguk University, where they told surprised students that northern President Kim Il-song fully supports their struggle against the government and gave out badges with Kim's likeness on them. Yi Song-min and seven others asked pedestrians near their hotel, "Do you long for national unification?" and "What do you think of our leader, Kim Il-song?"

They showed picture books and distributed North Korean newspapers and calendars, and then tried to interview people in a real estate agency, a grocery store and a restaurant.

Kim Hyong-ki, spokesman for the South-North Korea dialogue secretariat, called the action "egoistic and offensive." "It was agreed in the preliminary talks that each delegate, each member of the entourage and each journalist would act in accordance with the orders and guidance of the host party," he said. "They did not ask for such coverage officially through the liaison officials and our government did not give permission." An official in the prime minister's office said a repetition would endanger the talks and called it a "violation of an accord, so we have to officially protest it."

North Musicians To Give Command Performance

SK1212060490 Seoul YONHAP in English 0508 GMT 11 Dec 90

[Text] Seoul, Dec. 12 (YONHAP)—A series of concerts by South and North Korean musicians, playing together in Seoul for the first time since the division of Korea in 1945, will end at the National Theatre on Wednesday evening with a command performance for the prime ministers of the brother nations. North Korea is represented by the 33-member Pyongyang folk music troupe, which arrived on Saturday and appeared with their South Korean counterparts at the Seoul Arts Center on Sunday and at the National Theater on Monday.

The event is Seoul's answer to the Pan-national Unification Music Conference in Pyongyang in October, and the encounter across the heavily fortified border is likely to give momentum to inter-Korean exchanges and the march toward reunification.

Demonstrating the friendly mood created by the concert, the leaders of the two groups, Prof. Hwang Pyong-ki from the South and Song Tong-chun from the North, agreed on Monday to make the concerts a regular event. They also said they hoped the exchanges begun in traditional music would spread to other musical forms, to dance and to plays so South and North can unite in one mind through culture and art.

The North Koreans attended a dinner hosted by Culture Minister Yi O-yong, visited a royal garden and an amusement park, and toured a musical instrument factory and the national classical music institute. They leave Thursday morning to cross the truce village of Panmunjom in the demilitarized zone and return to Pyongyang.

Foreign Minister Meets Soviet Envoy Sokolov

SK1012054290 Seoul YONHAP in English 0529 GMT 10 Dec 90

[Text] Seoul, Dec. 10 (YONHAP)—Foreign Minister Choe Ho-chung met with Oleg Sokolov, the first Soviet ambassador to South Korea, to exchange opinions Monday on President No Tae-u's trip to Moscow. Choe welcomed him to Korea as ambassador and said he was looking forward to meeting with his Soviet counterpart Eduard Shevardnadze in Moscow.

Choe will accompany No to Moscow Thursday. Sokolov said he was sure the Korea-Soviet summit would be very significant since it would accelerate actual cooperation between the two nations, which normalized diplomatic ties on Sept. 30. Sokolov will return home Tuesday to arrange No's visit to Moscow set for Dec. 13-16 after presenting his credentials to the Korean president.

Business Leaders Named for No's Moscow Trip

SK0712011990 Seoul THE KOREA TIMES in English 7 Dec 90 p 9

[Text] Leaders of business conglomerates will accompany President No Tae-u on his official visit to the Soviet Union on Dec. 13-17. Included on the tour are Chong Chu-yong, founder and honorary chairman of the Hyundai Group; Yi Kon-hui, chairman of the Samsung Group; Choe Chong-hyon, chairman of the Sunkyong Group and Kim Sok-won, chairman of the Ssangyong Group.

In particular, heads of business groups which have opened branch offices in the Soviet Union will join President No on his visit. Such business conglomerates include Daewoo and Lucky-Goldstar.

It is generally expected that the business leaders will substantiate their projects for economic and trade cooperation with the Soviet Union during the visit. They will sign agreements on joint investments for the development of Soviet natural resources and the supply of consumer products to the Soviet Union. Specifically, Hyundai will focus on the development of a coal mine and a gas field in the Soviet republic of Yakut. It will also negotiate with the Soviet Union on the development of natural gas wells on Sakhalin island.

The Samsung Group is determined to sign an agreement on exports of electronics home appliances and electronics facilities to the Soviet Union. The Soviet Union badly needs consumer products including electronics home appliances.

In the meantime, the Lucky-Goldstar Group will concentrate efforts on exports of electronics home appliances, medical equipment including syringes and plant. It will also push for the construction of a business center in Moscow.

The Daewoo Group will finalize its plan for the construction of a tourist hotel in Moscow and the establishment of a joint venture to develop high tech. Other business groups will seek to set up branch offices in the Soviet Union before the end of this year. They also plan to hold exhibitions of their products separately in the Soviet Union.

Government To Import Soviet Technological Items

SK0712094190 Seoul TONG-A ILBO in Korean 3 Dec 90 p 7

[Text] The government has decided to actively push for the introduction of 19 among the 43 new technological items the Soviet Union offered to transfer to our country, including the optical fiber sensor technology and the technology on communications systems.

According to data that the Ministry of Trade and Industry submitted to the National Assembly on 3 December, the government has decided to start negotiations with the Soviet Union for their transfer because the United States and Japan are reluctant to transfer them to Korea and, moreover, the conditions for introducing them from the Soviet Union are much more favorable than expected.

The technological items that the Ministry of Trade and Industry has chosen to import from the Soviet Union are as follows:

Gas distributor and gas turbine in ceramic engine; program for drawing propeller blades; method of manufacturing double compressed aluminum-clad pipes; the method of lathing AL-LI [as published]; the method of extracting round metal sheets; the method of coating the steel surface with a solid film; the method of extracting biosensors based on the liquid crystallization of amino acid; carbon fiber cloth; the optical fiber sensor; development of laser source; the optical communication network; communication system; synthesization of peppered amino acids; the fixation of microorganic hydrogen; the recombination of insulin-producing DNA; refining of the nonferrous ore on the strength of germs; photobioreactor; the method of extracting pesticide from the germs in the course of recombining the DNA.

N. Envoy Reported in Tokyo Seeking Economic Aid

SK1212092990 Seoul YONHAP in English 0842 GMT 12 Dec 90

[Text] Tokyo, Dec. 12 (OANA-YONHAP)—Choe Su-kil, head of North Korea's Chosun Taesung Bank, arrived in Tokyo via Beijing on Tuesday night, a Foreign Ministry source said Wednesday.

Choe, a close aide to Kim Il-song and to his son and heir-apparent, Chong-il, was instrumental in arranging talks between Tokyo and Pyongyang on normalization of relations in September.

In Tokyo, Choe will meet with former Deputy Prime Minister Shin Kanemaru and with high-ranking officials in the government and the ruling Liberal Democratic Party to discuss a deadlock in talks on normalizing Pyongyang-Tokyo relations and to ask for economic support from Japan.

Seoul, Beijing To Study Yellow Sea Pollution

SK0612081990 Seoul YONHAP in English 0744 GMT 6 Dec 90

[Text] Seoul, Dec. 6 (YONHAP)—South Korea and China are to jointly investigate pollution in the Yellow Sea for five years from 1991 in their first-ever academic exchange, the director of Korea National Teacher's University's Institute of Natural Science said Thursday. Four Korean universities and a research institute will set up jointly with four Chinese universities a study team to research pollution in the Yellow Sea, known as the West Sea in Korea, said Chong Yong-sung.

Chong said he had signed an agreement on the project with Tang Xiayao, Beijing University's director of Environmental Research Center, in Shanghai in late October, when he and four colleagues attended a conference on atmospheric science and its application to air quality.

Under the agreement, Korea National Teacher's University, Seoul National University, Yonsei University and Pusan National University are to contact Beijing University, Beijing Teacher's University and Qinghua University to line up 10 to 20 researchers from each side, he said.

The joint team will begin research in March or April next year and its research will cover migration of contaminants, soil pollution, environmental change, water pollution and agricultural damage, he said. The necessity of a Sino-Korean team to study the Yellow Sea has grown since the two countries began to release contaminated water into it, he said.

Laos Interested in Improving Economic Ties

SK0812032990 Seoul YONHAP in English 0237 GMT 8 Dec 90

[Text] Bangkok, Dec. 8 (YONHAP)—Laos has put out the welcoming mat for South Korean enterprises and has a deep interest in improving economic cooperation with Korea, Pak Kyong-hwa, head of the Bangkok Office of the Korea Trade Promotion Corp., said Saturday.

During talks in Vientiane last month with Pak's deputy, Yi Chun-yong, Laotian Government officials said they wanted to strengthen economic ties with Korea and welcomed Korean investment in Laos, Pak said. "They offered Korean companies various benefits such as cheap land and labor, abundant natural resources, electricity and water, tax favors, political and social stability, but did admit there exist some stumbling blocks," he said.

Yi traveled on a passport issued to government officials, becoming the first Korean official to visit Laos on a fact-finding mission since Korea severed diplomatic relations in 1975, immediately after the Communists took over. During his stay Nov. 14-18, Yi met with local businessmen, officials of the United Nations development program and high-ranking officials and collected a wide range of imformation on the Laotian economy.

According to official statistics, the Laotian Government has approved 82 applications by foreigners to invest in Laos since it adopted an external-oriented economic policy in 1985. Vietnam and Cambodia are also said to desire better political and economic relations with Korea.

IMF Official Visits To Discuss Economic Issues

SK0912035290 Seoul THE KOREA TIMES in English 9 Dec 90 p 8

[Text] A senior official of the International Monetary Fund (IMF) in charge of Asian affairs has come to Seoul to get a better picture of the Korean economy. During his Seoul stay until Friday, Louis Dicks-Mireaaaux [as published] will have a broad range of consultations with economic officials here on the condition of the Korean economy.

His visit to Seoul this time is to look at how the Korean economy has changed since the annual consultative meeting between Korea and the IMF held here June 29-July 13. The IMF then called for fiscal constraint by the Korean government to ease growing inflationary pressure. Experts at home and abroad have held conflicting views on the Korean economy, divided between pessimism and optimism.

In recent ROK-U.S. financial policy talks held in Seoul, delegates from both nations showed differences in their evaluation of the current Korean economy. Specifically, Korean officials told their American counterparts that their economy faces difficulties due to lagging exports and high inflation, and prospects were very gloomy. But, U.S. delegates opined that the economic quandaries facing Korea are a temporary product of the cyclical adjustment of its structure.

The difference in the binational evaluation of the Korean economy is causing the American officials to call Korea's frugality campaign an anti-import policy.

Ties Pushed With African Nations, Egypt, Syria

SK0512024490 Seoul THE KOREA HERALD in English 5 Dec 90 p 2

[Text] Korea, taking advantage of the end of the cold war, will be able to set up diplomatic relations with five more African countries during the first half of 1991, Foreign Ministry officials said yesterday. They include Angola, Mozambique, Tanzania, Zimbabwe and Madagascar, according to them. They also said the government is likely to establish full ties with Egypt and Syria in the Middle East at least by the end of 1991.

The officials said foreign ministers of Angola and Mozambique are planning to visit Seoul next year to conclude the ongoing negotiations on the establishment of diplomatic relations with South Korea. Foreign Minister of Angola Pedro de Castro Van Dunem will come to Seoul in March and Foreign Minister of Mozambique P.M. Mocumbi in July, they said. Tanzania's Resources and Tourism Minister Masel Komanbya [name as received] will also travel to Seoul some time next year.

Angola, Mozambique and Tanzania have maintained diplomatic relations with North Korea since 1976, 1975 and 1965, respectively, but yet have relations with South Korea. Korea-Madagascar relations were opened in 1962 but have been cut off since 1972 when the African country refused to accept the credentials of a Korean ambassador. Madagascar opened diplomatic ties with North Korea soon after. Zimbabwe has maintained diplomatic relations only with North Korea since 1980.

In a similar development, the government plans to open a resident embassy in Lusaka, the capital of Zambia, which established diplomatic ties with South Korea in January this year, one official said. Zambian President Kenneth David Kaunda will make an official visit to Seoul in early 1991, he said.

These new developments in Korea's relations with African countries have made inevitable the reorganization of Korean diplomatic missions in Africa, he said. Foreign Minister Choe Ho-chung recently told the National Assembly that 10 Korean embassies in African and Central and South American countries will be closed by 1992, three of them during the first half of 1991.

Korea has diplomatic relations with 34 African countries and maintains embassies in 17 of them. It recently closed its embassy in Rwanda. Four African countries have opened diplomatic relations with South Korea so far this year. They included Namibia, Congo, Zambia and Mali. Benin, which had cut off relations with Korea since 1975 restored them this year.

Declining importance of ideology helped by global mood of detente and the hope of learning development strategy from Korea appeared to motivate African countries to side with Seoul, the official said.

Assembly Approves Kim Tok-chu as Chief Justice

SK1012090590 Seoul YONHAP in English 0804 GMT 10 Dec 90

[Text] Seoul, Dec. 10 (YONHAP)—The National Assembly approved President No Tae-u's nominee for chief justice by 190 votes to 70 on Monday. There were three abstentions. Kim Tok-chu, 57, succeeds Yi Il-kyu, who retires on Dec. 15.

Six of the 196 participating ruling party members voted against Kim's nomination or abstained, as did the 67 members of the Party for Peace and Democracy, led by Kim Tae-chung, who took part.

No's nomination of Kim as chief justice created a controversy over a career the opposition claimed was "politically tainted." In 1979, he ruled in favor of suspending Kim Yong-sam, then an opposition politician, as head of a leading opposition party. This earned him 87 objections when the National Assembly voted on his nomination to the Supreme Court in July 1988.

As deputy director of the Court Administration Office in 1980, Kim was a leading player in the controversial "clean-up" of the judiciary by a group of military officers that included Chon Tu-hwan. Kim again placed himself in the center of a public controversy by granting bail to Yi Chang-sok, Chon's brother-in-law, and returning his conviction on embezzlement and tax evasion charges to the appellate court for review. A lower court had sentenced Yi, 38, to two years and six months in prison and fined him 3 billion won (4.16 million U.S. dollars).

PPD Seeks To Integrate All Opposition Forces

SK0812003490 Seoul THE KOREA TIMES in English 8 Dec 90 p 2

[Text] The opposition Party for Peace and Democracy [PPD] is learned to have decided to go out in full to integrate all the opposition forces beginning next year. Party sources said the PPD will change even its name if it is necessary to form a unified opposition force.

According to the sources, the work will be quickened timed with the election of deputies to the local councils to be held during the first half of next year. The party sources said the move is aimed at forming a political force capable of coming to power, admitting that the PPD could not break its character of being a regional party instead of a national one.

As a result, democratic figures hailing from the Kyongsang-to area, rival province of Cholla-to where the PPD has its power base, will be approached for joining the united opposition force. According to the sources, it is yet to be determined whether the new political force will take the form of inaugurating a new party or be integrated into the PPD.

As to the leadership formula, the unitary leadership with party president at the top is favored by the PPD. However, there is also a strong voice advocating the collective leadership for the facilitation of the work of absorbing all the democratic forces.

The sources went on to say that already as many as 20 people who have been active in the democratic movement without party affiliations have expressed hope in joining in the work of forming a new unified political force. Thus far, there had been work for the realization of a merger between the PPD and the Democratic Party. But, it failed.

Political Prisoners Reportedly Increase

SK0612103790 Seoul HANGYORE SINMUN in Korean 5 Dec 90 p 1

[Text] It was learned on 4 December that the number of political prisoners imprisoned for the period of two years and eight months since the inauguration of the Sixth Republic reached as many as 4,176, close to the total 4,700 men who were imprisoned during the seven-year period under the rule of the Fifth Republic.

Furthermore, the number of political prisoners detained during the period from the beginning of the year to 10 November reached 1,870. This number shows a daily average of six detainees, nearly four times as many as 1.61 detainees during the Fifth Republic.

This was revealed by the Council of Family Movement for Participation in Democracy [Mingahyop] when the Council made public the results of its survey, entitled "The Status of Prisoners of Conscience in 1990," conducted on the total number of political prisoners by universities, trade unions, human rights organizations, daily newspapers and the families of the political prisoners across the country.

According to this survey, the number of political prisoners as of 10 November is 1,295 in total, showing a 51 percent increase over the 860 prisoners as of the end of last December.

Of the total number of 1,295 political prisoners, those who were charged with violation of the National Security Law are 513, comprising 40 percent of the total and an eight percent increase from 32 percent (398) as of the end of last June. Thus, the number of political prisoners imprisoned with the charge of this law increased despite public opinion calling for the revision and abolition of the security law according to the progress in North-South relations.

This can be interpreted as the result of a wholesale roundup of those who were related to the incidents of the "Revolutionary Workers Union," "the Socialist Workers Union" and "the National Council for Democratic Reunification." During the first year-half period, the security authorities including the Agency for Security Planning and the National Police Headquarters investigated these organizations.

It was also revealed that the number of those who are imprisoned as of 10 November on charges of violating the law on the prevention of firebombs, the law on assembly and demonstrations and the law on punishment of violence is 652, comprising 50 percent of all detainees, despite the decrease in the number of demonstrations since 1 July of this year.

On the contrary, the number of detainees who are imprisoned charged with labor-related laws as of 10 November is 170, comprising 13 percent of prisoners. This number shows a drastic decrease from 392, or 31 percent, as of the end of June. This number indicates a shrinkage of collective activities, including strikes by trade unions across the country, in the second half of the year.

The classification of 1,295 political prisoners surveyed by Mingahyop according to their occupation is 664 students and 333 workers, who comprise 77 percent. Of them, the long-term prisoners are 147, comprising 11.3 percent; members of dissident organizations are 62, comprising 4.8 percent; farmers and fishermen are 29, comprising 2.2 percent; publishers are 23, comprising 1.8 percent; soldiers and combat police are 23, comprising 1.8 percent and teachers are 4, comprising 0.3 percent.

*ROK-China Trade Activities Reported

912C0027A Seoul HANGUK KYONGJE SINMUN in Korean 17, 18 Oct 90 p 5

[Article by reporter Yi Hak-yong: "Korean Enterprises in China" 17 Oct]

[Text] Bright and Dark Sides of Joint Ventures

A signboard reading "Beijing Jinglo Enterprise, Ltd" is hung at the entrance to a small apartment-type factory near Tiantan Park in Congwen District in Beijing. This is a stuffed-toy company which went into operation as a joint venture by Lucky-Goldstar and China Electronics Export-Import Corporation in September 1989. The company is capitalized at $480,000, shared half and half by the two investors.

The firm produces $150,000 worth of toys a month at its 1,500 square-meter plant by using 96 sewing machines operated by 230 employees. Its products are exported to the United States, Australia, and Britain.

The reason the Lucky-Goldstar Group is operating a joint-venture stuffed-toy manufacturing business which has nothing to do with its main line of business is that before making a full-fledged investment in China, it wants to gain experience in running business there by operating a joint venture requiring a modest amount of investment. This is one of the so-called pilot projects. While running this factory for slightly over a year now, Lucky-Goldstar has learned a lot. With a relatively small "tuition," it is learning know-how concerning all aspects of running business in China, from on-site management of workers, to the comprehension of the complex wage system, the procurement of raw materials and supplies, the meeting of delivery deadlines, and the methods of quality control.

The factory is in the red at the present stage, with various monthly expenses running up to between $160,000 and $170,000 against the monthly sales volume of $150,000.

Managing Director Pak Yong-hui, the representative of Lucky-Gold[illegible] since the inception of this company, said, "Beginning last June, we occasionally produced a little profit, but it is a priceless lesson we have learned that venture business in China is not as easy as we expected."

He has experienced quite a few bottlenecks. True, the zeal for work is growing among some young workers, but, most of the workers still cling to the old way of thinking epitomized by the Chinese saying "Each gets a bowl of rice from the large iron pot," meaning whether you work hard or not, you just get paid as much as others do; so, there is no need to work harder.

Miss Zhang Xien, a 27-year-old seamstress who was transferred to this factory from a state-run lighter factory last December, confided that "my present monthly wage is 300 yuan (approximately $55), about 20 percent higher than what I used to get; but if I have a chance, I would like to go back to my old factory because here the work is harder and the volume of work is greater." The complaint against hard work that "I would prefer an easier job to a higher wage" is heard in every corner of the factory.

Foreman Zhou Hsiuli, 37, who received training at the main office of Lucky-Goldstar in Seoul for a month last year, confided that "the wage is relatively high, but quite a few workers quit, unable to adapt themselves to hard work."

The complexity of the wage system is another major bottleneck which has astounded Lucky-Goldstar. The average basic pay is $55, and 49 percent of the basic pay is added in the form of housing allowance, supplemental medical care, and welfare benefits, etc. All these payments add up to at least $80 per employee. Managing Director Pak said that the labor cost is higher here than it was when he ran a similar factory in Indonesia.

On labor management too, the Korean staff of the management often clashes with the Chinese partner. There are many instances of conflict of opinion. For instance, when the Korean side wants to hire better-trained workers, the Chinese partner foils the attempt, insisting that it is better to use workers who are easier to handle. How to procure materials is another headache.

In Korea, it is not unusual for workers to work at night when necessary to make the deadline for delivery. In China, it is not easy to put workers on overtime at night because of their complaints."

The situation is similar at Huaxing Co., Ltd., another Korean venture company in Beijing. It is a joint-venture company formed by Sungbang Industries, Korean souvenir maker, and Huasheng Special Electric Appliances Manufactory, a Chinese state-run company, and capitalized at $400,000. It has been producing various souvenir items related to the Beijing Asian Games since it went into operation this April. It started with 110 workers, but in August it suddenly laid off 40 workers, leaving only 70 on the payroll. The company resorted to this drastic action upon consultation with Beijing Deputy Mayor Zhang Bai-fa because productivity steadily declined as the rate of rejects to the total output increased due to the carelessness of the workers. This action was meant as a warning for the workers.

Songbang President In Yong-il, who resides in Beijing as representative of the joint venture says, "It is the most urgent task to rectify the lax work discipline of Chinese workers permeated with the force of socialist habit." From this point of view, Huaxing introduced a performance-based promotion system which is very rare among venture companies in China.

Workers can earn as much as 400 yuan including the basic pay of 150 yuan, depending on their performance.

All raw materials used in making buckles and other souvenir articles are shipped from Korea as is the case with Jinglo. The problem is the high customs tariffs. The customs tariff imposed on materials imported from Korea is as high as 80 percent as against 45 percent on Taiwan imports and 60 percent on Singapore imports. The reason for this is that our country does not yet have diplomatic relations with China. This high tariff makes it almost impossible for firms using Korean goods to compete in Chinese and overseas markets.

Attracted by the ostensible charm of "the market with a population of 1.3 billion," more and more Korean firms are trying to secure a foothold in China. Clearly, the number of Korean firms seeking investment opportunities in China will increase when the question of exchanging trade offices between Korea and China is settled, as it now seems certain to be done, within this year, when both countries set up reciprocal trade offices, and when the basic restrictions such as high tariffs and red tape on the issuance of visas are eased.

However, China is not enough of an attractive market to justify the haste in which our firms are vying to enter it. There are layer upon layer of barriers ranging from complex personnel management to the difficulties in procuring raw materials and meeting the delivery deadlines. Most of these problems cannot be solved simply by some external institutional changes such as the establishment of our trade office.

Under the circumstances, when full-fledged competition is under way among our firms seeking business opportunities in China, these two joint-manufacturing ventures operating in Beijing should be observed carefully as "pilot projects" for our firms.

18 Oct 90 p 5

[Text] Firms Need To Establish Intrinsic Positions Overseas

The Beijing branch of Samsung Corporation succeeded in concluding a deal to sell 30,000 color TV brown tubes (CPT's) to China and signed a pertinent contract, which represents a trophy won after a five-month-long marathon bargaining session with China Electronics Export-Import Corporation.

Despite the success in striking this deal, (Carlen) Han, chief of the Samsung branch office was not greatly elated, due to the fact that it took five long months of haggling to strike a single deal to sell electronics parts.

Samsung Corporation became the first Korean firm to open a branch in Beijing in September 1985. In May 1987, about two years later, Samsung managed to register its Beijing branch by using the name of a dummy company in Hong Kong called Xingjin Co., Ltd. It has been six years since the branch office went into full-scale operation, but not many tangible results have been produced yet. True, it succeeded in exporting some large plants such as harbor facilities, but the deals were made mostly through the Hong Kong branch. Samsung's Beijing branch is the largest among all the branch offices of Korean firms in China, with a 10-man staff consisting of four members dispatched from the main office and six local employees. Nonetheless, it is currently just playing the role of an auxiliary to the Hong Kong branch.

Still, Samsung is better off than others. Recently, Daewoo, Lucky-Goldstar, Hyundai, and 10 other Korean firms opened branch offices in Beijing one after another, thus securing a foothold for business operation in China. But most of these branch offices are nothing more than "liaison offices" with one-man staffs. In the case of Samsung and six other conglomerates, they have extended their branch networks into other localities, such as Shanghai and Dalian. Needless to say, each of them is nothing more than a liaison office set up in a hotel room, with a facsimile and other communications equipment. In most cases, the Korean branch offices in China are literally nothing more than signboards.

Consequently, what these branches are doing in China in most cases does not go beyond merely serving as export agents for their main offices in exporting the main line of export items of the affiliates back home or merely carrying out negotiations to secure raw materials for their main offices. Their major task is to make deals to sell electronics and garments in the cases of Samsung and Daewoo, chemicals in Sunkyong's case, and textile goods in Hyosung's case.

At the present stage, they cannot even think of mapping out a business strategy to penetrate in a diverse and effective way the "1.3 billion-man market" which is on the move with a desire to change through economic reform.

Director Pak Won-kil, who became the chief of Daewoo's Beijing branch office last year, said: "To do business in China is becoming increasingly difficult as the Chinese Government launches an all-out export drive in order to pay back its foreign debt and raise capital needed in capital construction for its key industries, while gradually expanding import controls on electronics, automobiles, and other major articles." It was early last year that chilly winds began to blow over Korean business firms seeking to operate in China after enjoying a few months in their heydays thanks to the overheated Chinese economy and the resultant import boom.

The first step the Chinese Government took when it moved to implement the policy of "control and rectification" designed to cool down the overheated economy was the imposition of import restrictions on major consumer goods such as electronics and textile goods. Because of this measure, our exports to China last year totalled only $1.4 billion, down 21 percent from the preceding year, a drop for the first time. In the first quarter of 1990, export remained still in the doldrums with volume dropping to $420 million, or a further 27 percent decrease. Needless to say, the decreasing trend in export to China is not limited to our country alone. As a result of the foreign trade retrenchment policy pursued by China, the scale of its trade with Japan, Hong Kong, Singapore, and all other countries has diminished.

Yu Il-pong, section chief of Lucky-Goldstar's Beijing branch office, confided: "If it is not easy to sell our goods in China, we could make a breakthrough by using a tripartite trading formula by which we procure the kind of goods in third countries which can penetrate the Chinese market and sell them to China, or conversely, we buy goods in China and sell them to third countries." He added, "the problem is our firms are not capable of doing this kind of trade at the present stage."

Japanese firms are tiding over their difficulties in the Chinese market by tripartite trade. Tripartite trade is the area in which Japanese firms operating in Beijing, such as Mitsubishi, Mitsui, C. Itoh, and Nissho-Iwai, are making their utmost efforts.

Fumiaki Fujino, C. Itoh's general representative in China, said: "Of our total $2.3 billion trade volume in China last year, 30 percent was recorded through tripartite trade." "China," he added, "is narrowing the room for the import of foreign goods in order to save foreign currencies, but if you turn your eyes on the outside world, you can easily procure textile materials, chemicals, and other materials and sell them on the Chinese market. Another field of business in which Japanese firms are exerting main efforts is the so-called "import and sell" business. Under this formula, they procure in China garments, toys, and other light industry goods in which China has a competitive edge, and sell them to countries in Southeast Asia, the Middle East, and Latin America.

Tsuyoshi Takami, chief of Nissho-Iwai's Beijing branch office, said: "Chinese products can hardly suit the tastes of consumers in Japan, the United States, Europe, and other industrialized countries in terms of quality, but they have price competitiveness; accordingly, depending on circumstances, there is room for exploring markets in third countries for Chinese products." Ores, coal, and other raw materials abundant in China are the major targets in the exploration of third-country markets.

Processing of goods by using Chinese labor is another promising area. In the fields of textiles, auto parts, electronic parts, and chemical industries, a foreign firm can supply raw materials, machinery, and other equipment to Chinese factories and sell the goods produced in these factories to the supplier country or third countries. "This," Takami whispered to me, "is one of the most common strategies among Japanese firms."

In the past, Korean business officials stationed in Beijing took every opportunity to press for the abolition of discriminatory tariffs and the removal of red tape in the issuance of visas. These problems are expected to be resolved on a priority basis when, as scheduled, our trade office is established in Beijing soon and swings into action. But, as long as Chinese measures to protect its domestic market remains in force, it seems unreasonable to expect that our firms' trade with China will perk up soon.

Now is the time for our firms to pay greater attention to creating diverse businesses in the Chinese market by making the best use of their primary functions.

Brunei, Malaysia & Singapore

Malaysia

Further on Li Peng's Support for Direct Trade

BK1212040490 Kuala Lumpur BERNAMA in English 0336 GMT 12 Dec 90

[Text] Kuala Lumpur, Dec 12 (OANA-BERNAMA)—Chinese Premier Li Peng said Tuesday [11 December] that trade between China and Malaysia should be direct and not involve third parties.

He said direct trade would lead to better economic relations between the two countries.

Most of the current trade between the two countries was through third parties, Li said at a welcoming reception hosted by the National Chamber of Commerce and Industry of Malaysia (NCCIM). China presently conducts trading activities with Malaysia through third parties such as Singapore and Hong Kong.

Li said the two countries should strive to enhance bilateral trade and not be satisfied with the present trade volume.

"We are happy that Malaysia had lifted its ban on visits to China because we see this as a step towards a better relationship between us," he said. He hoped that more Malaysian entrepeneurs would explore trade potential in his country and vice versa.

"China has recently adopted an open-door policy for investment from the outside world and we will continue with this diplomacy. We welcome investments from other countries including Malaysia," he said, adding that China also intended to invest in Malaysia.

Singapore

Joint Land Exercise With Indonesia Launched

BK1212012890 Singapore Domestic Service in English 1100 GMT 11 Dec 90

[Text] Joint exercises between the Singapore and the Indonesian Armed Forces will further promote interaction, friendship, and enhance mutual understanding. Indonesia'a Army chief, General Edi Sudrajat, said such event will also iron up problems that may arise from language, procedure, and terminology.

General Sudrajat was launching the first combined land exercise to be held in Indonesia. Some 80 men from both sides are taking part in the four-day mass landing exercise code named "Safkar Indopura."

The SAF [Singapore Armed Forces] hosted the first such exercise in Singapore last year. The series is the result of a memorandum of understanding signed between the defense chiefs of Singapore and Indonesia in 1989.

[Words indistinct] the exercise between the Armed Forces of the two countries, the chief-of-staff of the Indonesian Navy is in Singapore. Vice Admiral Mohamed Ariffin, who is on a four-day official visit, this morning called the second minister for defense, Dr. Yeo Ning Hong. This is his first official visit to Singapore since assuming office in March last year.

U.S. Senators Call on Premier Goh Chok Tong

BK1112154090 Singapore Domestic Service in English 1100 GMT 11 Dec 90

[Text] The visiting U.S. senators, Mr. Daniel Inouye and Mr. Ted Stevens, today called on the prime minister, Mr. Goh Chok Tong, at the Istana [Palace]. They discussed the Gulf crisis and the recently signed Singapore-U.S. agreement allowing American forces greater access to the use of military facilities in the Republic.

Senator Inouye is the chairman of the U.S. Defense Association Sub-Committee of which Senator Stevens is a member. They are in Singapore as part of an official tour to Asia and the Middle East.

Cambodia

Heng Samrin Addresses Tree Planting in Prey Veng

BK1212073590 Phnom Penh Domestic Service in Cambodian 0430 GMT 11 Dec 90

[Text] A party-state-front delegation led by Comrade Heng Samrin, general secretary of the Kampuchean People's Revolutionary Party [KPRP] Central Committee and chairman of the Council of the State of Cambodia [SOC], attended a ceremony to plant a pipal tree—a valuable gift from the Republic of India to the Cambodian Government, Buddhist followers, and people—in Prey Veng Province on 10 December to enable the local people, masses, and Buddhist followers to perform their worship there.

Present at the pipal tree planting rite were Comrade Sar Kheng, member of the KPRP Central Committee Political Bureau, chef de cabinet of the party Central Committee, and chairman of the Central Organization Commission; Comrade Sim Ka, alternate member of the KPRP Central Committee Political Bureau and secretary of the Phnom Penh City's party committee; Comrade General Pol Saroeun, alternate member of the KPRP Central Committee Political Bureau, deputy defense minister, and chief of the General Staff of the Cambodian People's Armed Forces [CPAF]; Comrade Ros Chhun, member of the KPRP Central Committee and minister of communications, transport, and posts; Comrade Yut Phuthang, member of the KPRP Central Committee and secretary of Prey Veng Province's party committee; Comrade (Sbaong Sarat), deputy secretary of the province's party committee and chairman of the provicial people's committee; and other members of the provincial party and people's committees, leaders of the front and mass organizations in the province, as well as over 30,000 cadres from the provincial offices and units and local combatants, policemen, Buddhist monks, Buddhist followers, residents, and students.

Following Comrade Yut Puthang's address enthusiastically welcoming and heartily thanking the delegation for its presence on that solemn occasion, Comrade General Secretary Heng Samrin gave the following significant speech:

[Begin recording] Today is a solemn, victorious, and delightful day when we are holding this rite to officially plant the pipal tree, which is a precious gift from the Republic of India to the Cambodian Government, Buddhist followers, and people. This solemn ceremony is taking place at a time when the entire CPAF is upholding the great national union banner to assume the task of rebuilding and defending the motherland, safeguarding socio-national gains, protecting national independence and sovereignty, and preventing the return of the genocidal Pol Pot regime at all costs. The CPAF is actively striving to carry out all kinds of commitments to commemorate the 12th founding anniversary of the Kampuchean United Front for National Construction and Defense and the glorious 7 January victory day.

Beloved Buddhist monks, comrades, compatriots, and Buddhist followers: Our Cambodian people as well as Buddhist followers and people of other religions are all lovers of peace and tranquility. What is horrible and terrifying is that during its reign of only three years, eight months, and 20 days, the genocidal Pol Pot regime systematically eradicated Buddhism and other religions. National customs and traditions were trampled underfoot and eliminated. Buddhist monks were forced to leave the monkhood and were persecuted in a barbarous manner. The five sacred things, namely the Buddha statue, pipal tree, stupa, remains, and Tripitaka Buddhist Scriptures were treaded upon and destroyed. Monasteries were turned into jails or gallows. The sacred Buddhist statues were broken up and religious beliefs annihilated through various methods. Even small Buddha statues concealed in houses by the elderly were trampled underfoot, then thrown into rivers, lakes, or pools if found.

Thanks to the policies of our party, state, and front, after the 7 January 1979 liberation day, Buddhism has been delightfully and safely rehabilitated since the 7 January 1979 liberation day. [audience chants: "Long live the glorious KPRP"] [applause]. Today Buddhism is the state religion, enshrined in the Constitution of the SOC, and no enemy can mistreat it any longer. To expand Buddhism and serve the needs of all Buddhist devotees, our party, government, and front have brought this pipal tree from Buddh Gaya in India to plant here for all Buddhist followers to worship as they wish. All of us are wholeheartedly holding this ceremony and wish that the blessings of this sacred pipal tree will become an immortal concrete force for helping the Cambodian people prevail over all enemies, restoring genuine security and peace to the country, and awakening all the people led astray by the enemy to realizing what is right and wrong so that they will return to their families and the national fold. [audience chants: "Long live Buddhism"] [applause]

Beloved Buddhist monks, comrades, and compatriots: As all of you can see, for nearly 12 years, our party, government, and people have displayed great efforts in their struggle to surmount all sorts of difficulties and obstacles for the cause of rebirth and survival of our nation and country. Our new regime not only has toppled the Pol Pot clique and salvaged the country, religion, and people from the danger of genocide, but also has safeguarded national independence and the people's lives and property. In particular, the regime has struggled to block the return of the genocidal Pol Pot regime.

For more than one year, although we have completely withdrawn the Vietnamese troops, we have been able to fully maintain our mastery in handling the situation in the country. Moreover, we have exerted our full efforts in assiduously restoring and building our economy and society [words indistinct] in the situation where the nation is faced with both war and peace at the same time. We have taken up arms with one hand while starting our production works from scratch with the other, constantly developing our country thus far. Indeed, the successes have been achieved with the assistance of distant and nearby friends, but more importantly, the decisive factor is our own strength, which includes great contributions from our cadres, party members, combatants, people—male and female—and Buddhist followers in Prey Veng Province.

Our party and government have a correct line of leadership which aims at serving the only goal—the interest of the nation and people. Whatever represents the interest and the correct aspiration of the people, our party and state authorities at all levels will do their best to achieve for our people, even though they have to face difficulties or make sacrifices. [words indistinct] for our people to earn their living and even to enjoy their rights and freedom to uphold their religious beliefs, customs, and traditions.

At present, in addition to shouldering various other duties, our party and government have made great efforts to seek ways to end the war, create national reconciliation, and bring peace for our Cambodian people.

But I would like to inform all venerable monks and compatriots that this issue—the end of the war—does not depend entirely on our side. Only when the two sides have similar goodwill can we settle this problem.

The war we have been waging until now is a war we are forced to conduct. If we continue to be attacked, we have no other alternative but to take up arms and fight to defend ourselves.

Through talks to seek the solution, our party and government successively have made immense concessions.

But the other side has continued making demands from us and encroaching upon us morally and legally.

In September 1989, we withdrew all Vietnamese troops from Cambodia to show our goodwill. We then asked the other side to implement a cease-fire and cessation of military aid and sanctuary for the tripartite group. But they refused.

In June 1990, Samdech Sihanouk signed an agreement with Comrade Hun Sen in Tokyo. But Samdech Sihanouk did not abide by it and [words indistinct]. Concerning the Supreme National Council [SNC], although we control almost 100 percent of the territory and population, we have agreed to let the other side share [words indistinct] with us. But they have sought every means and created obstacles to prevent the SNC from functioning. The only cause is Samdech Sihanouk. As a matter of fact, it is by his own fault that Samdech Sihanouk is outside the SNC framework. The other Cambodian groups have continued to talk about peace and their love for the Cambodian people, but their deeds have been performed without considering the lives or deaths of the people. They have no goodwill in seeking peace. They only consider their own interests.

During the more than 11 years since the day of liberation, they never have allowed our people to live in peace. We have tried to build up everything and defend our achievements. They have tried to destroy us. We are the giver. They are the ones who just keep making demands, some of which are very dangerous to the survival of the people. Thus, we cannot always give in to their demands.

Last year, while the Vietnamese troops were withdrawing, they thought that they would be able to topple us militarily. But, after attempting this on the battlefield for more than a year, they have realized they would never be able to achieve this scheme. They have been attacked and suffered successive defeats by our people and armed forces.

After the document of the Big Five countries was issued, they tried to topple us through a political solution under the UN label. They have resorted to every means, using combined military, political, and diplomatic activities and intensifing the offensive, to seize our territory and population in preparation for further action when a political solution is reached.

Despite this, our party and government have continued to adhere to our goodwill stance for settling the Cambodian problem. But we cannot do more than we are capable of just to satisfy the other side. They have nothing, but have continued to make demands [passage indistinct]. Particularly, it must definitely ensure the prevention of the return of the genocidal Pol Pot regime. This is because the question of the genocidal Pol Pot regime is [words indistinct]. Only by beginning this prevention can the problem be resolved. Otherwise, it will only cause the Cambodian problem to become even more complicated.

Cambodia is a legitimate nation like all others. Cambodia has been a member of the United Nations since 1955. Our present regime is a legal regime which has been elected by the people (?since) 1981. This regime has protected and served the people's interest for nearly 12 years. Therefore, while a new government has yet to be established through elections, no attempt should be made to put Cambodia under the trusteeship of the United Nations and let a UN authority work on its behalf. The question of state administration and the armed forces involves the survival of the people. This is because the Pol Pot clique is still as cruel and barbarous as ever, and the Sihanouk and Son Sann groups still collude with the Pol Pot clique. No other forces, except for the State of Cambodia's forces can resist the Pol Pot clique.

In the event that a political solution is reached, should Sihanouk win in the elections, the real winner would be the Pol Pot clique. This is because Samdech Sihanouk does not control the forces. Willingly or not, Sihanouk will have to do whatever the Pol Pot clique wants, as he did in 1975.

We need to maintain our regime for the survival of our people. It is better than having the Sihanouk and Son Sann groups, which only crave power and never think about the survival of the nation. That power will bring the criminal Pol Pot along with it.

In sum, we have successively displayed the goodwill of our party and government in the talks to end the conflict in Cambodia. We always welcome all countries' efforts to help solve the Cambodian problem. But we cannot relax our vigilance nor neglect the danger to the point of offering our hands to be tied up again. Experiences we gained between 1975 and 1978 will not allow us to use the Cambodian people's lives as a stake in playing games with Pol Pot for a second time.

All venerable monks, beloved compatriots and Buddhist followers: In this immediate period, our conflict with the enemies will become even more tense and complicated due to the fact that the Pol Pot-Sihanouk-Son Sann clique and the reactionary imperialist powers have not abandoned their schemes to topple our State of Cambodia.

But current and past concrete experiences clearly show us that as long as we unite firmly under the party leadership, we will be able to surmount any difficulties and obstacles. The cause of our people's struggle will definitely win. This is because justice stays on our side. We have the upper hand because we have the bulk of our people around our party leadership. The achievements we won during the last more than 11 years constitute an immense gain in our cause of struggle.

For this reason, on behalf of the party, state, and front, and in my own name, I would like to appeal to all compatriots, cadres, and male and female combatants to continue enhancing your patriotic spirit and vigilance so you always will see through the perfidious maneuvers of the enemies. You should unite as one and have unanimous confidence in the party leadership; take part in effectively carrying out all revolutionary movements, particularly in jointly and firmly building our armed forces; be determined to join in defending and maintaining our revolutionary state power; uphold the law of this state power above all else [words indistinct].

I call on all compatriots to continue supporting and assisting the party and government in the campaign to eradicate corrupt and inactive activities in our society. At the same time, it is imperative to effectively implement all the targets in socioeconomic tasks, such as collecting the rainy season rice yield and launching the current dry season rice production.

Once again, with elation and pride over this ceremony to plant this pipal tree, on behalf of the party, state, and front, and in my own name, I would like to extend best wishes to all venerable monks, Buddhist followers, and compatriots. May you enjoy good health, long life, and the five Buddhist blessings.

May this pipal tree grow and extend branches as a symbol of peace, happiness, and harmony of our people and Buddhist followers in Prey Veng Province, as well as the Cambodian people throughout the country. [audience chants: "Long live Buddhism, our religion!"] [applause]

I would like to pray to the might of Buddhism to please direct the correct way for those ignorant people who, overpowered by greed and personal interests, have continued to seek ways to prolong the war. Please make them see the misery the people have suffered because of their crimes, and bring them to their senses so they will repent and join in the search for peace for the people and in building the Cambodian motherland [words indistinct]. [applause] [end recording]

Comrade Secretary General Heng Samrin then presented the pipal tree to the responsible monks. The monks then put the tree on a ceremonial car. The pipal tree will be planted in the provincial park.

The ceremony ended in a joyous atmosphere [words indistinct] after the comrade general secretary, his wife, and the party-state-front leaders presented food to 180 monks in dedication to the souls of our forefathers, cadres, and combatants who sacrificed their lives for the cause of national defense and construction.

Hun Sen Invites SNC To Discuss Solution

BK1212045790 Phnom Penh Domestic Service in Cambodian 0430 GMT 12 Dec 90

[Letter from Hun Sen to individual members of the Sumpreme National Council, SNC, inviting them to a meeting "in the third week of December" in Bangkok to discuss a political solution to the Cambodian problem; letter dated 11 December]

[Text] Phnom Penh, 11 December 1990

Your Excellency:

With the aim of reaching a common solution to the Cambodian problem and to quickly bring about peace for the Cambodian people, I am honored to invite Your Excellency and all other members of the SNC to hold another meeting in the very near future in Bangkok.

I would like to propose the meeting be held in the third week of December 1990 to discuss and decide on the internal aspects of the political solution to the Cambodian problem within the capability of the SNC which represents national sovereignty.

At the same time, we will discuss the issues related to the SNC, including the question of the SNC leaders and the function of the SNC.

Please accept my highest regards.

[Signed] Hun Sen

Sources: SRV, PRC Discussing 'Red Solution'

BK1212095690 Hong Kong AFP in English 0845 GMT 12 Dec 90

[By Jean-Claude Chapon]

[Text] Hanoi, Dec 12 (AFP)—Vietnamese leaders, prompted by warming ties with China, are discussing a "Red solution" to the Cambodian war—a peace accord between the Marxist Khmer Rouge and Phnom Penh's communist regime, highly reliable sources say here. The solution, viewed by sections of the leadership as a means of keeping Cambodia Marxist, has been rejected by other leaders, among them Foreign Minister Nguyen Co Thach, the sources say.

China and Vietnam have been on opposite sides of the Cambodian conflict and their hostility flared into a brief border war in 1979.

Speculation on a possible accord between the Chinese-backed Khmer Rouge and the Phnom Penh regime, installed by Hanoi troops in 1979, has also reached Phnom Penh following the first direct contact between the regime and China, notably in Jakarta and Bangkok in September. The solution is opposed, however, by Phnom Penh Prime Minister Hun Sen, currently on a visit to Hanoi, according to official Cambodian sources.

The Khmer Rouge are the strongest military faction in a three-party resistance coalition arrayed against the Phnom Penh regime, largely composed of Khmer Rouge defectors, which was established by Hanoi following the Vietnamese invasion of Cambodia in December 1978.

"Without doubt some (leaders) are thinking of such a solution but they are dreaming. It is unrealistic," said a Vietnamese official source who believes the Khmer Rouge have not changed.

The radical Marxist faction killed hundreds of thousands of Cambodians during their near four-year rule which ended when they were overthrown by Hanoi's invading forces in January 1979. The faction remains hostile to Vietnam, which it accuses of wishing to dominate Cambodia.

The "Red solution" would exclude Khmer Rouge leaders heavily implicated in the killings during their rule, the sources said.

A Western diplomat said the plan could appeal to both Vietnam and China but had gained few backers in the Hanoi leadership.

"Some may envisage such a solution because Beijing, like Hanoi, may consider that it is in their interest to preserve Marxism in Cambodia, but that view is shared by only a minority in the Vietnamese leadership," the diplomat said.

Both Hanoi and Beijing have condemned the recent collapse of communist regimes in Eastern Europe and have reaffirmed their adherence to the socialist system.

Recent high-level contacts between China and Vietnam, notably the secret visit to China of Vietnamese Communist Party General Secretary Nguyen Van Linh in early September, have resulted in the normalisation of ties, frozen since China launched a brief border war in February 1979 in response to Hanoi's invasion of Cambodia.

"Hanoi would have much to lose, especially economically, for such a solution would delay for a longtime the possibility of restoring ties with the United States at a time when Vietnam desperately needs Western aid," the diplomat added.

Vietnam and the United States have no diplomatic ties and Washington maintains an economic embargo imposed at the end of the Vietnam war in 1975.

The Soviet Union, Vietnam's principal ally and trading partner, has announced a major cutback in economic aid from next year and will replace current barter trade by payment in foreign exchange at world market prices.

Draft Peace Plan To Cive UN Broader Powers

BK1212104890 Hong Kong AFP in English 1012 GMT 12 Dec 90

[By Michel Blanchard]

[Text] Paris, Dec 11 (AFP)—A preliminary draft of a Cambodian peace plan drawn up by the five permanent members of the U.N. Security Council gives the United Nations full powers to implement the terms of the accord, according to a copy of the confidential document obtained here Tuesday.

The agreement recognizes the Supreme National Council (SNC), which includes representatives of each of Cambodia's four warring factions, as the "unique legitimate body and source of authority" in Cambodia during a transitional period. However, under the terms of the proposed accord, the SNC "delegates to the United Nations all powers necessary to insure the implementation" of the agreement.

Cambodia and Vietnam have recently emphasized that they opposed any dismantling of the Vietnamese-backed Cambodian Government, and Vietnam has said that it will not sign any agreement which fails to respect Cambodian sovereignty.

The 48-page agreement was drawn up by the five permanent members of the U.N. Security Council—the United States, the Soviet Union, Britain, France and China—along with Indonesia on November 26. France and Indonesia, which co-chair the Paris International Conference on Cambodia (PICC), have invited the SNC to meet here on December 19 to present it with the proposed agreement and to discuss how the SNC should function, French Foreign Ministry Spokesman Daniel Bernard said on Tuesday. Indonesian Foreign Minister Ali Alatas said in Jakarta earlier Tuesday that the meeting would lead to the reconvening of the PICC, which was suspended in August 1989 after the four factions failed to agree on a power-sharing arrangement.

Annex 1 to the agreement stipulates that all administrative bodies "acting in the field of foreign affairs, national defence, finance, public security and information will be placed under the the direct control of UNTAC" (United Nations Transitional Authority in Cambodia).

The annex also says that "the (U.N.) secretary general's special representative, in consultation with the SNC, will determine which other administrative agencies, bodies and offices could directly influence the outcome of elections." These organs will then be placed "under direct supervision or control of UNTAC." If consensus cannot be reached between the members of the SNC on any given matter, "the secretary-general's special representative is entitled to make the final decision."

The document also includes two additional sections, one on Cambodian sovereignty and one on reconstruction of the country, as well as a final act which has yet to be drawn up.

Annex 2, which deals with the military aspects of the agreement, provides for a cease-fire in two phases but with no definite dates.

During the first phase, which is to begin on the signing of the agreement, the cease-fire is to be observed "with the assistance of the secretary general."

In the second phase, "which should commence as soon as possible, the cease-fire will be supervised, monitored and verified by UNTAC."

Annexes 1 and 2 are the most detailed and their negotiation provoked the sharpest exchanges between the five permanent Security Council members, according to informed sources.

The broad outlines of the accord had been set out in New York in August between followers of former ruler Prince Norodom Sihanouk and former Prime Minister Son Sann. All oppose the Phnom Penh government of Prime Minister Hun Sen installed by Vietnam after its invasion of Cambodia nearly 12 years ago.

Annex 3 provides, without setting precise dates, for elections under a "system of proportional representation on the basis of lists of candidates put forward by political parties."

The text of the annex stipulates that "all Cambodians, including those who at the time of this agreement are Cambodian refugees or displaced persons, will have the same rights, freedoms and opportunities to take part in the electoral process."

Annex 5 sets out several principles of a new constitution, including a declaration of fundamental rights, periodic and genuine elections and the establishment of an independent judiciary.

Long Visalo Views Refugees, Opposition Elements

AU0712103890 Budapest NEPSZABADSAG in Hungarian 5 Dec 90 p 6

[Interview with Cambodian Deputy Foreign Minister Long Visalo by "M.GY."; in Phnom Penh, on 4 December: "If the People Can Decide, They Will Support Us"]

[Text] [NEPSZABADSAG introduction] We had no difficulty in understanding each other with Mr. Long Visalo, as he studied at a Hungarian university for 10 years and has two diplomas. In addition to English, French, and Spanish, he speaks fluent Hungarian. During the recent Cambodia conference in Paris, he was the highest ranking Foreign Ministry official in Cambodia for weeks.

[NEPSZABADSAG] What is your opinion about Cambodia's situation, and do you see any possibility of development?

[Visalo] There were people who predicted that, following the withdrawal of Vietnamese troops, our capital city and entire Cambodia would fall in the hands of Prince Sihanouk, Son Sann, and Pol Pot, in other words, into the hands of the opposition, and that the Hun Sen government would collapse. Indeed, the opposition started heavy attacks after the withdrawal of Vietnamese troops, but the government troops drove them back, despite the fact that the opposition forces purchased modern weapons in Singapore for millions of dollars. Today, these forces only hold Pailin, a jungle area infested with malaria, some five percent of our country's territory. The rest of our territory is controlled by the government troops and the People's Self-Defense Forces. Anyone can see for himself and find out who is really in charge in Siem Keap and Battambang, areas which some press agencies long ago "attributed" to the anti-government forces.

Mass Graves

[NEPSZABADSAG] How did the latest defeat affect the opposition? Has the government amnesty decision had any effect, a decision in which the government called upon the armed and non-armed opposition groups to return from camps in Thailand?

[Visalo] It is understandable that the so-called refugees who were living in bad conditions have had enough of this fate. Most of them were forced to leave their country. The Thai press often writes about armed struggle within these camps, but only a few thousand people succeeded in returning home after the amnesty decision, because the Khmer Rouge terrorists kill those who decide to return. We welcome those who return, and they can go back to their villages and they receive land and also can build houses. We are not against individual people. The return of the Khmer Rouge, as an organization, would mean the destruction of the Cambodian people. The Khmer Rouge can talk about people's power, equality, and democracy in vain, because the mass graves uncovered so far show what they mean in reality.

The Big Question Mark

[NEPSZABADSAG] How has the attitude of the Thai Government changed lately?

[Visalo] Thailand's economy has developed a lot, and they already have marketing problems in Europe and America. At the same time, they have great opportunities on the Cambodian market. Our shops still sell mostly Japanese and Thai goods at reasonable prices. Bangkok tradesmen keep coming to us and plan to establish joint enterprises; some of these are already working. Although Pol Pot's forces also purchase weapons from them, the peaceful trade relations with us are much more profitable for these Bangkok people.

[NEPSZABADSAG] China is the big question mark....

[Visalo] That is true. The Chinese played a considerable role in the Khmer Rouge terror. The Chinese continue to support the opposition, but there is no unity in the Chinese leadership. The international outcry over the bloody events in Tiananmen Square caused conflicts in Beijing. Some of the Chinese leaders continue to believe in terror and help Pol Pot. Others would like to implement a policy of "modernization," and this contradicts the terror directed against the people, including the support of the Khmer Rouge.

Buddha's Teachings

[NEPSZABADSAG] What ideology does the Cambodian Government follow? What ideology do the people follow?

[Visalo] You can go anywhere in our country and talk with anyone, and you will see that, no matter what political trend they represent, all the people believe in Buddha's teachings. We believe in peace, peaceful work, and national understanding. Buddha's teachings are the future of the Cambodian people, the real democracy. It also was mentioned in Paris that an election organized and carried out by the United Nations could put an end to hostility in Cambodia. All the four political trends would run in these elections: the governing power, Prince Sihanouk, Son Sann, and the Khmer Rouge. People should decide and elect the supreme congress which would convene the legislative National Assembly and initiate parliamentary elections.

[NEPSZABADSAG] In your opinion, what would be the result of such a democratic election involving four parties?

[Visalo] The people are aware of the abyss facing this country. But the Cambodian state continues to exist and develop. The future will bring full peace, and peace also will bring prosperity.

Sihanouk Vows 'No More Talks' About SNC Chair

BK1212075890 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 12 Dec 90

[Excerpts] Samdech Norodom Sihanouk said that to break the stalemate of the current Cambodian peace process, he has proposed that there should be no more talks about the chairmanship and the vice chairmanship of the Supreme National Council [SNC] and that the 12 SNC members should get to work on Cambodia's peace, inferring that whoever is opposed to the UN peace blueprint is a warmongering group which persists in colonializing Cambodia and betraying the Cambodian people.

The samdech said the international community and the Cambodian people have joined forces with the United Nations, in particular the Big Five permanent members of the UN Security Council [UNSC], in the belief that Cambodia would recover peace should the UN peace plan be accepted by all Cambodians. [passage omitted]

He said Vietnamese Foreign Minister Nguyen Co Thach's statement saying that Vietnam will not sign any agreement which contravenes the UN Charter clearly showed the true colors of the Vietnamese, who are warmongers attempting to continue imposing colonialism on Cambodia through Vietnamese settlers and the Vietnamese-installed and -controlled Hun Sen regime. Samdech Norodom Sihanouk also said Hun Sen had replied that he [words indistinct] the prince's proposal on an inter-Cambodian meeting, but Hun Sen instead went to see his Vietnamese master in Hanoi.

The National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia has stated that to enable the SNC to begin its task, the chairmanship of the Cambodian council, a unique source of authority in Cambodia during the transitional period, should be given to Samdech Norodom Sihanouk.

The Khmer People's National Liberation Front has made it clear that the appointment of Samdech Norodom Sihanouk to the SNC chairmanship is in line with the draft agreement on the settlement of the Cambodian problem hammered out by the Big Five and the cochairmen of the Paris International Conference on Cambodia and the aspirations of the Cambodian people.

Indonesia

Alatas Says Australian Treaty Upholds Interests

BK0812085390 Jakarta Domestic Service in Indonesian 0600 GMT 7 Dec 90

[Text] Foreign Minister Ali Alatas says Indonesia's interests are by no means undermined by the Treaty of Timor Gap cooperation zone with Australia. Minister Alatas said this in Jakarta this morning at a news conference in conjunction with the tabling of a bill a few days ago at the House of Representatives on the cooperation zone treaty.

The minister added that the Indonesian Government had worked hard before an agreement was reached in December 1989 and it had not listened to the Australian Government's arguments alone. In the accord, the two sides agreed to divide the cooperation zone into three zones, namely Zone A, B, and C. He noted that the hard work had enabled the country to exploit mineral resources in Zone B as well as to reap benefits from Zone C.

[Begin Alatas recording] Zone B is located outside [word indistinct] and we should not think we are entitled to 50 percent of that zone, though we are only getting 16 percent. This is the wrong way of thinking. In fact, we should be getting nothing from that zone, but through hard work and negotiations we can now get 16 percent, even though legally speaking we are supposed to get nothing there. As for Zone C, it is an overlapping area where both sides are supposed to get 50 percent each. However, after negotiations we gave the Australians 10 percent only, not 50 percent. This is our second gain. Therefore, it all depends on how you look at things and we can decide whether our interests are undermined. [end recording]

The foreign minister said the cooperation zone treaty is of a temporary nature and is aimed at solving the impasse in the search to find the continental shelf border between Indonesia and Australia. The two countries began to discuss the issue of the continental shelf about 10 years ago. If a new agreement is reached, the treaty will be abrogated.

Armed Forces Commander on PNG Relations

BK1212102290 Jakarta ANTARA in English 0900 GMT 12 Dec 90

[Text] Port Moresby, Dec 12 (OANA/ANTARA)—Indonesia and Papua New Guinea (PNG) agreed here on Wednesday that their relations should not be based only on border matters, but should also take into consideration the overall bilateral and regional interests that effect the two countries.

This Indonesian-PNG agreement was laid down in a joint statement which was read at a press conference marking the end of the visit of Indonesian Armed Forces Commander Try Sutrisno to Port Moresby, PNG.

"Being immediate neighbours, the two countries share approximately 800 km in common border and despite the close geographical proximities between the two countries, there still exists a certain lack of understanding of each other's aspirations", both sides stressed in the joint statement.

On regional issues, both parties agreed that the Pacific rim is witnessing and has an influential input in the current era of dynamic social, economic and political changes and diversifications that are taking place both regionally and globally.

At the [words indistinct] the Indonesian Armed Forces commander, would enhance understanding, mutual trust and confidence between the two Armed Forces and countries.

Malaysian Envoy Discusses Aceh Rebel Activity

BK0612100190 Jakarta BERITA BUANA in Indonesian 28 Nov 90 p 3

[Excerpt] Banda Aceh, BUANA—The Malaysian Government has never allowed its territory to be used as a basis for anyone to oppose any country, let alone a neighboring country like Indonesia, according to Malaysian Ambassador Datuk Abdullah Zawawi, who gave this assurance in Banda Aceh.

"Unlawful activities such as that have never received the blessing of the people, even more so of the Government of Malaysia," he said firmly. He called on Aceh Governor Ibrahim Hassan on Monday [26 November].

The Malaysian Government, he said, hopes for more detailed information on the names and addresses of Aceh people who have fled to Malaysia particularly those believed to have influenced a handful of Aceh youth to create chaos in the province. "That information is important for us to monitor them," Abdullah said.

During the family-like meeting, Ibrahim explained the security situation in his region. Security, he said, is increasingly under control. [passage omitted]

Laos

Investment Projects With USSR Reported

BK1212102090 Vientiane KPL in English 0850 GMT 12 Dec 90

[Text] Vientiane, Dec 12 (KPL)—Along with realising the signed cooperation projects, Laos and the Soviet Union have applied a new form of bilateral economic, technical, and scientific cooperation based on the foreign investment in Laos.

So far, the sides have agreed to establish mixed enterprises dealing with different businesses. These involve timber exploitation and processing in Savannakhet, furniture making, goods marketing, passenger transport service and construction rock and sand provision service.

In addition, a note was signed on establishing another mixed Lao-Soviet enterprise for a small-size hydropower station at KM 20, Khammouane Province, plantation and pre-processing of coffee in Saravane [Province], supply and distribution of small tractors, building materials, pesticide and others.

Besides, it is reported that the Red Cross organisations of Laos and the Soviet Union have signed a document on establishing a mixed enterprise to deal with plantation and distribution of a medicinal herb for kidney disease treatment, an a mixed enterprise to produce 800,000 T-shirts a year.

Phoun Sipaseut Receives USSR Ambassador

BK1112124790 Vientiane KPL in English 0850 GMT 11 Dec 90

[Text] Vientiane, December 11 (KPL)—Mr. Phoun Sipaseut, vice chairman of the Council of Ministers and minister of foreign affairs of the Lao People's Democratic Republic, yesterday received Mr. Yuriy Mikheyev, ambassador extraordinary and plenipotentiary of the Union of Soviet Socialist Republics to Laos, who is about to end his 4-year mission here.

During the cordial and warm discussion, Mr. Phoun Sipaseut appreciated the ambassador's active contribution to the strengthening of mutual cooperation and assistance between the two countries. The outgoing Soviet ambassador expressed thanks to the government and people of Laos for the friendship and facilities given to him during his mission.

Consultative Talks Held With Yunnan Delegation

BK1112125990 Vientiane KPL in English 0857 GMT 11 Dec 90

[Text] Vientiane, December 11 (KPL)—Delegations of Sing District of Laos' northern Luang Namtha Province and of La District of China's Yunnan Province recently held a consultation on the future economic and cultural cooperation during the latters' visit to Sing.

In addition to the participation of the celebration of the 15th National Day of the LPDR [Lao People's Democratic Repubic] held in Sing, the delegation of this Chinese district administration also visited production and cultural bases in Sing District and in Luang Namtha Airport undertaken by the Yunnan construction company.

The visit by the La District administration to Sing District, said an official, has strengthened the solidarity, friendship, and cooperation between the people in the two districts and the people of Laos and China on the whole.

Agreement Signed With SRV Health Ministry

BK1212102490 Vientiane KPL in English 0853 GMT 12 Dec 90

[Text] Vientiane, Dec 12 (KPL)—The ministers of public health of Laos and Vietnam, Mr. Khambou Sounisai and Mr. Pham Song, signed here on December 10, a cooperation agreement between the two ministries for the coming year 1991.

The agreement stipulates that the two sides have decided to authorize a Vietnamese pharmaceutical confederation "Vina-Pha" in selling, bartering or helping the Lao side to purchase medicines and medical equipment. In the long run, the two sides will cooperate in cultivation, rearing, extracting, purchasing and processing pharmaceutical resources for the domestic consumption in each country and for export on the mutual benefit basis.

Laos and Vietnam agree upon the promotion of pharmaceutical sector by cooperating in organizing exhibitions and selling the pharmaceutical products of Laos and Vietnam. The cooperation also includes the running of medical check-ups and traditional medical treatment in Vientiane on the basis of self-investment and business accounting.

In 1990, Vietnam plans to receive 10 Lao medical and pharmaceutical personnel for internship and training. The agreement also notes that Vietnam will provide medical treatment to Lao patients in Vietnam.

The Vietnamese delegation of public health arrived here on December 6 and returned home yesterday.

Foreign Leaders Send National Day Greetings

BK1212124290 Vientiane KPL in English 0902 GMT 10 Dec 90

[Text] Vientiane, Dec 8 (KPL)—On the occasion of the 15th national day of the Lao People's Democratic Republic, Mr. Kaysone Phomvihan, general secretary of the Lao People's Revolutionary Party Central Committee and chairman of the Council of Ministers, and Mr. Phoumi Vongvichit, acting president, received telegrams of greetings from foreign leaderships.

The greetings were signed by Mr. Fidel Castro Ruz, first secretary of the Central Committee of the Communist Party of Cuba and president of the Council of State and Government of the Republic of Cuba; Mr. Andrey Lukanov, president of the Council of Ministers of the Republic of Bulgaria; President Ion Iliescu of Romania; Prime Minister Petre Roman of Romania; and Presient Wojciech Jaruzelski of the Republic of Poland.

The telegrams conveyed warm congratulations and best wishes of happiness and success to the party and state leaders and people of Laos.

The foreign heads of states and governments wished the friendship and cooperation between their countries and Laos be developed in the people's interest.

In his telegram, Mr Fidel Castro Ruz noted that the triumph of the Laotian revolution opened a path to the reconstruction of the country and allowed its people to direct their endeavours to the development of the country amidst difficult economic and social conditions left by the war.

On this (?auspicious) occasion, we highly appreciate the uninterrupted development of the excellent relations existing between our parties, governments and peoples consolidated on the foundations of Marxism-Leninism and proletarian internationalism, he further noted.

He finally concluded that: "In the midst of the complex international situation, we reiterate our decision to continue working to deepen our close ties of solidarity and friendship and, at the same time, we wish [you] success in fulfilling your high responsibilities, good health, and personal good luck."

Article Views Political Development in Thailand

BK1212121790 Vientiane Domestic Service in Lao 0000 GMT 11 Dec 90

[Unattributed article: "Will the Confusion in Thai Politics Be Eased?"]

[Text] Gen. Chatchai Chunhawan has been reappointed prime minister by His Majesty the King of Thailand only one day after his resignation. Prior to Gen. Chatchai Chunhawan's resignation, reports on internal conflicts and interference in politics by the military were extensively reported and commented on by Thai and foreign media, such as the BBC.

Conflicts in Thai political circles are becoming more publicly obvious every day, as can be seen from the speech delivered by His Majesty the King of Thailand on his birthday. The king cautioned the Thai public to maintain unity and mutual understanding.

A series of events revealing dissatisfaction expressed by some military officers in the Thai Armed Forces toward the Thai Government has frequently occurred. The officers claimed the government has been plagued with corruption. Many Thai newspapers clearly noted that such dissatisfaction was vented by the military immediately after Gen. Chawalit Yongchaiyut quit all ministerial posts in the government because of his conflict with Capt. Chaloem Yubamrung, a minister attached to the Prime Minister's Office.

Gen. Chawalit Yongchaiyut subsequently refused to take up any posts offerred by Gen. Chatchai Chunhawan. Shortly afterward, the military also expressed its displeasure with Trairong Suwannakhiri, deputy minister of the interior, who twice made sarcastic remarks about the Armed Forces. After that a mobile radio unit owned by the Mass Communications Organization of Thailand [MCOT] was seized by the military. The military accused the MCOT of using the mobile radio unit for political purposes.

The dissatisfaction expressed by the military became very intense after Gen. Chatchai Chunhawan announced another reshuffle of his cabinet that excluded Capt. Chaloem Yubamrung. Earlier, Thai media reported that the government had been pressured by the military to remove the captain from the ministerial post because he was believed to be causing the public and the military to lose faith in the government. Gen. Chatchai Chunhawan's courageous decision [to retain Chaloem Yubamrung], however was widely acclaimed by many political and student circles in Thailand. They hailed the decision as a bold move taken by an elected prime minister under the democratic system.

Amidst reported tense conflicts between the government and the military and the numerous rumors, Gen. Chatchai Chunhawan finally decided to resolve the political impasse and dispell any rumors by resigning as prime minister. Nonetheless, due to the record of his achievements and his own qualifications, Gen. Chatchai Chunhawan has been reappointed once again.

As for the formation of the new government, the spokesman for the Prime Minister's Office told the press that six political parties have expressed their support for Gen. Chatchai Chunhawan forming the new government. These political parties are: the Chat Thai Party, the Democrat Party, the Social Action Party, the Ratsadon Party, the Puangchon Chao Thai Party, and the Solidarity Party, with the total number of votes nearly 300. Some observers said, however, that the new government would be composed of only three or four parties.

But we will have to wait a while to see how many political parties will be included in the new government or what the new government will look like.

Philippines

Protest Actions Continue; Noise Barrage 12 Dec

HK1212060390 Manila PHILIPPINES NEWSDAY in English 12 Dec 90 pp 1, 2

[By reporters Jessica Domingo and Merlinda Manalo]

[Text] Protest actions by various organizations continued yesterday despite Monday's rollback of premium and regular gas prices to their December 5 levels even as the Supeme Court ordered the Energy Regulatory Board [ERB] to explain why it allowed a second provisional increase last Dec. 6.

The Senate committee on trade and commerce, meanwhile, called for the immediate rollback of fuel prices to their pre-Dec. 5 levels, saying the increases were done without proper coordination and consultation with affected sectors.

Committee chairman Orlando Mercado said the hefty increases in the prices of gasoline were meant to offset the projected P [Philippine Peso] 11 billion deficit of the Oil Price Stabilization Fund [OPSF].

"What the government did was to pass on the burden of government's excessive spending to the consumer in the guise of paying off the huge OPSF deficit," Mercado said.

Today's protest activities will be highlighted by a synchronized noise barrage rally at six in the evening at various points in Metro Manila. The noise barrage will make the protest "more audible" to the government, organizers said.

Rally organizers identified the main rally centers and their respective composite starters as:

—Ugarte Field (Ayala corner Paseo de Roxas)—to be led by Makati Councilor Bobby Brilliantes, film director Ishmael Bernal for the Concerned Artists of the Philippines (CAP) with TV and movie personalities, Ms. Nelia Sancho of BAYAN [New Nationalist Alliance], Nick Elman of CAOPI [expansion unknown] and union members of the Bank Employes' Labor Association (BELA) and the Drug and Food Alliance (DFA).

—Welcome Rotonda and the whole stretch of Espana—to be led by Courage Chair-person Carol Almeda, Nathaniel Santiago (Bayan), Obet de Castro (LFS) [League of Filipino Students], Noel Medina (Kadena) [Youth for Democracy and Nationalism] and Mike Defensor (NUSP) [expansion unknown].

—E. Rodriguez (in the vicinity of St. Joseph's College and St. Luke's Hospital)—to be led by Fr. Ben Moraleda, CssR (Ecumenical Forum for Church Response, EFCR), Fr. Ben Alforque, MSC (Promotion for Church People's Rights, PCPR), Sr. Mariani Dimaranan, (Task Force Detainees, TFD), Bishop Julio Abainza (United Council of Churches in the Philippines, UCCP), Fr. Jun Mercado, OMI (People's Caucus), Paeng Mariano (KMP) [Peasants Movement of the Philippines] and Liddy Nacpil-Alejandro (Bayan).

—Cubao (Isetann)—to be led by Liza Masa (Gabriela), Crispin Beltran (KMU [May 1st Movement] chairman), Romy Castillo (KMU-NCR [National Capital

Region], Medorado Roda (PISTON) [United Organization of Drivers Nationwide] and Bonifacio de Luna (UGAT) [Union of Transport Organization Groups]; and

—Monumento—to be led by Eric Torres (ACT) [Alliance of Concerned Teachers], Ross Bautista (Bayan-NCR) and Jun Enriquez (National Economic Protectionism Association, NEPA).

Aside from these main noise barrage centers, other city and municipal centers are also expected to be set up.

"We urge the people to actively participate in tonight's protest noise barrage," the People's Caucus said in a statement. "This is one way to make the people's demands more audible to the Aquino government," it added.

The Bayan also reiterated its call for the "ouster" of the Aquino government.

"The gasoline rollback asked by Aquino from the ERB is not a product of Aquino's sensitivity and concern for the people," Bayan national chair-person Nelia Sancho said. "It is a concrete gain of the people's protest movement."

"The people demands not just the pump price adjustments but the very policies of this government which brought about the soaring prices," Sancho said.

Oil prices were raised to cover for the government subsidy (OPSF) given to the oil companies and as a fulfillment of an IMF requirment for the release of Philippine loans. New levies and taxes are also being rolled by the government, including the importation of oil, she added.

"Our problem is no longer the pump prices. It is this incompetent, anti-people and puppet regime that we should oust," Sancho said.

The militant Kilusang Mayo Uno, meanwhile, said it was seeking an alliance with Marcos loyalists and traditional politicians who also oppose the latest round of oil price increases.

During yesterday's press conference at the National Press Club, KMU spokesman Nicanor Elman said the KMU's decision to open a tactical alliance with loyalists and trapos [opposition] was inspired by the "laudable" protest actions staged by these groups and individuals last Monday in support of the people's over-whelming outrage against the "enormous rise in oil prices."

Consultations with concerned groups are already underway to formally launch a "unified anti-oil price hike protest," Elman said.

The KMU specifically congratulated Senators Orlando Mercado, Joseph Estrada, Juan Ponce Enrile and Ernesto Maceda for their solidarity during Monday's rally in front of the Senate.

Legazpi, Davao, Bacolod Transport 'Paralyzed'

HK1212105390 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 12 Dec 90

[Text] Transportation was completely paralyzed in the cities of Naga, Legazpi, Bacolod and Davao as a result of the current Nationwide Strike underway in these provinces. According to reports, widespread protest action is being headed by the May 1st Movement and League of Filipino Students and is being supported by other sectors. Protesters are strongly urging a rollback in prices of petroleum products to the previous November prices. Owing to this situation, classes have been suspended in schools in those areas. It was also reported that gasoline stations were closed due to harassment from terrorists threatening to blow up their establishments.

Appointment of New Executive Secretary Welcomed

HK1212053990 Manila THE MANILA CHRONICLE in English 12 Dec 90 pp 1, 8

["Analysis" column by Amando Doronila: "Orbos' Job Is To Make Things Move"]

[Text] Good news is at last filtering into the bleak national landscape like a shaft of light in the tunnel. After the shock of the December 1989 coup d'etat, the avalanche of natural disasters and the devastating Gulf oil crisis, all of which have sent the national economy to its knees, things are beginning to turn around a bit. These developments, if handled creatively, can lift the despondent mood of the nation.

The Cabinet is being revamped for the fourth time in the turbulent life of this transitional government in response to an economic crisis. The shake-up, which puts a man of action into the heart of the presidential office, offers at least a promise that things will move again from the political center. The government has announced a significant oil find in Palawan—the biggest ever struck under this disasterprone government—and the announcement has pumped new life into a moribund stock market, one of the most depressed in Asia.

Before the nation exaggerates the importance of these two events, let us consider the limits within which these two events can transform the mood of the nation. The first consideration is that it is unrealistic to expect from the presidency the initiation of bold reform, even though there appears to be a more dynamic element in the Executive Office incarnated by Mr Oscar Orbods. Near the end of its term, it is too late in the day for this government to begin structural social or economic reforms, or to produce a grand vision. The best that Mr Orbos can do is to transform his office into a nerve center for coordination of executive functions, for operational control of government programs and for the speedy delivery of public services. Action, delivery of services and presence are the key elements in the new Cabinet.

Mr Orbos will certainly provide a scintillating presence in the Executive Office as the alter ego of the President in contrast to the vacuum that existed before him. He is also likely to improve liaison between the President and Congress, a function that had been neglected or badly handled by Mr Orbos' predecessors (Mr Joker Arroyo was an abrasive human rights activist and lawyer, and Mr Catalino Macaraig was a stodgy bureaucrat).

As long as the public does not expect the new executive secretary to produce miracles or to initiate structural reforms and it considers him mainly as a man of action who can make things move, there will be no disappointments. But since action, coordination and coherence have been rare elements in this government, their introduction into the Executive Office can be precious political assets—as precious as the Kohinoor Diamond on the British crown jewels.

There is at least the prospect of a change of pace and style, even though it might be too much to expect a change of substance, but any breeze when the sea is morbidly becalmed is welcome.

According to reports disclosed by the government, the new Palawan oil find can reduce significantly the dependence of the economy on oil imports, but commercial-scale oil supplies will not be on stream until after the Aquino presidency. There is no doubt that the government timed the announcement to blunt public discontent over the new fuel price increases. The oil strike therefore cannot offer immediate relief to the economy that is right now being slugged to death by the violent fluctuations of oil prices in the international market. At present, it serves as a psychological boost. It does offer a tangible prospect for national development in the medium term because it confirms the existence of resources that can fuel not only economic revival but also rapid economic growth. There is a real potential to catch up with the fast growing economies of the Asian "tigers."

What these developments are telling us is that we are not at the end of the rope. The political and natural disasters that have devastated the nation since the beginning of the year have depressed the national spirit. But we are beginning to see the light at the end of the tunnel, and this is probably a good way to begin the New Year. The recovery of national self-confidence can spark a rejuvenation of the economy.

The oil price shocks and the economic austerity measures have alienated former constituencies and allies of this government in which so much promise was invested at the beginning, but what is hard to explain is that, while there is widespread disillusionment, there is no hatred against the President, regardless of her blunders.

Intense hatred and passion against former President Marcos galvanized broad sectors to political action, ending in his overthrow. This lack of hatred helps explain why disenchanted sections of the population cannot be mobilized for political action against this government. It explains why the Welgang Bayan [nationwide strike] has quickly fizzled out, instead of escalating into street riots. People are in deep distress and suffer deprivation, but they are not dangerously volatile and are not ready to erect barricades in the streets. It is possible that they are too stunned and too weary after all the economic vicissitudes to mount radical political action.

For example, the new round of fuel price increases has moved the urban middle class to go to the streets again to join protests by the working class, but the protests have found no focus. The legal political opposition is not offering a credible alternative to serve as focus for discontent. The revolutionary alternative offered by the communists and the coup d'etat offered by the ultrarightist segments of the military are shunned as methods of change. Thus, the middle class remains without a focus and refuses, at least at this stage, to be recruited into the ranks of radical political movements.

But since most seem to have given up expecting profound initiatives from President Aquino, a healthy and more realistic assessment of the government has prevailed. It is even normal for the public to expect the government to continue to muddle on. But because the Cabinet revamp and the oil find offer promise of change for the future, the people are clutching to these events as harbingers for better days to come. We are, in effect, putting our hopes on the future. Indeed, we have, psychologically, already crossed into the frontiers of the post-Aquino era.

Businessman Cites Failure of Leadership

HK1212055590 Manila PHILIPPINES NEWSDAY in English 12 Dec 90 pp 1, 2

[By Julian V. Cruz and Maria Theresa Velasco]

[Text] Businessman Eduardo "Danding" Cojuangco Jr. yesterday said that the country's failure was one of leadership and virtually announced that he was available for a presidential draft "if you are convinced that I am the leader that you seek."

He said "the game is essentially over" for the Aquino government which has run out of ideas, run out of money, is running out of time, and is in itself the problem.

Cojuangco was addressing the first national conference of the Chamber of Filipino Entrepreneurs [CFE] at the Hotel Intercontinental in Makati.

Under normal times, Cojuangco told the entrepreneurs, businessmen and professionals would confine themselves to economic activity and avoid politics.

"But these are not normal times," he said. "More is demanded of us and we must be prepared to give more of ourselves and accept new challenges."

"I say there is a failure of leadership," Cojuangco said, "because we could have prospered, we could have moved forward, we could have become a respected member of the community of nations, at least here in Asia, given the chances we had."

He was referring to all the advantages which the Aquino government had going for it at the beginning of its term.

It had the support of everyone.

The International Monetary Fund (IMF) and the World Bank (WB) gave it hundreds of millions in advances on its first week.

Its allies in the United States supported Mrs Aquino's administration all the way.

Even the prices of crude oil dropped to below $10 per barrel.

Trade, aid, investments flowed.

Cojuangco asked, "How come a government that had everything going for it turned out to be such a disaster?"

He called the Aquino government "a Midas in reverse. All the gold it touched turned into stone."

But the fundamentals of the country, he said, remain solid and sound. He said that with the introduction of affordable technology and far-reaching reforms, the agriculture sector could produce enough crops to feed 120 million people.

Economic growth, he said, could be maximized because there are precious metals in our hills, natural gas in our shallow seas, and ample resources to supply our factories.

But most important, he said, the strength of any nation was in its people and he believed that the Filipino people, properly led, would find their place under the sun.

"We have competent entrepreneurs, our professionals are among the best in the world in high value services, we have the skills, we have the ingenuity and the creativity to be competitive and efficient. Given all these blessings, resources and skills, we can turn this economy, if not the entire country, around," said Cojuangco.

He cited other countries which rose from the ruins of war despite demoralization, despite huge debts imposed by the victors, despite empty treasuries, and despite destroyed croplands and flattened cities.

And yet, said Cojuangco, once they found the proper leaders who formed governments which organized them to cope with the hardships and motivated and inspired them to take on the burdens of rebuilding the nation, they found themselves on the way to recovery in no time.

The key players in this recovery, Cojuangco said, are the men and women who know how to create wealth legitimately, who can organize, manage, and take risks.

Giving a broad and general blueprint for the future, Cojuangco said:

—industries could be grouped together, rationalized and/or consolidated in order to afford financing, new technology, product research, and market development;

—productivity must be up-graded in the farms;

—the labor force must be taught new skills;

—we must be radical in our thinking and consider such things as voluntary profit sharing;

—we need a lasting and invigorating industrial and social peace.

He urged the entrepreneurs to be on the forefront of change for the country's betterment.

Cojuangco's speech was interrupted several times by applause from the audience and ended to a standing ovation.

A guest informed NEWSDAY that the heavy turnout of guests was unexpected considering the occasion was the CFE's very first national convention.

Originally an attendance of 600 was expected but the crowd swelled to over a thousand and the Grand Ballroom of the Intercontinental Hotel was filled to capacity as more and more guests arrived and more tables had to be set up.

After Cojuangco's address, most of the guests milled around and waited to get a chance to shake his hand.

Malacanang Official: No Bases Accord by Jan

HK1212054690 Manila THE MANILA CHRONICLE in English 12 Dec 90 p 1

[By staff member Lito Zulueta, with Marie Rose Feliciano]

[Text] The repeated failure by the Philippines and the United States to resolve thorny issues such as the duration of a new bases treaty and upholding Philippine court jurisdiction over American servicemen may not result in the signing of a new agreement by January, as President Aquino had wished.

A Malacanang official said the Philippines does not expected to have a "signed document" by January amid continuing disagreements over several key points of any "new relationship" with the U.S. such as the longevity of the bases, application of Philippine laws on the bases personnel, and the "status of forces agreement (SOFA)."

The problems were discussed early this month during the third round of the bases talks without much progress, the official said. He said it was clear that the Americans wanted to maintain the status quo but he indicated that it could merely be a "negotiating posture." "We don't have to have an agreement signed, sealed and delivered by January," the official said. "We just have to agree on fundamental issues."

Agreement on fundamental points is deemed necessary by January so that the Bush administration can submit a budget proposal to the U.S. Congress on the size of the compensation package for the use of the Philippine bases, the official said.

Meanwhile, two influential American senators have welcomed suggestions that Washington give the Philippines "non-cash" compensation instead of hard cash for the continued use of the facilities.

Senate President Jovito Salonga said his colleagues had broached the proposal to Senators Daniel Inouye (Democrat, Hawaii), and Ted Stevens (Republican, Alaska).

Among the forms of noncash compensation discussed were debt condonation, "substantial debt reduction," wider access to the American market and military equipment. But according to Salonga, the two senators said the U.S. government could not commit a fixed compensation figure in a new treaty because it would be subject to annual appropriations by the legislature. Moreover, they said the U.S. itself was experiencing financial difficulties.

Also yesterday, officials of the President's Committee on the Bases (PCOB) told four Senate committees that a civil aviation complex in Clark would be operational by 1995 to 1996.

PCOB members Florencia Dalupan and Ernesto de Castro said they had drawn up a list of "double" projects in the first year after the Philippines regains control of the base lands.

Muslim Chairman on Reconciliation, U.S. Bases

HK1212051990 Quezon City Radyo ng Bayan in Tagalog 0442 GMT 12 Dec 90

[Interview with Datu Norodin Alonto Lucman, chairman of the Bangsa Moro Liberation Forces, by Josette Olivera from Camelot Hotel in English—live]

[Excerpts] [Olivera] Good afternoon. A Bangsa Moro Liberation Organization news conference has just been concluded and beside me right now is Chairman Datu Norodin Alonto Lucman. [previous passage in Tagalog] Chairman what made you decide to reconcile with the government?

[Lucman] Well, I decided to reconcile with the government because I believe that this is a time where Filipinos must hold hands together and survive these difficult times and we must work for peace, unity and sobriety as stated by his eminence Cardinal Sin, and as a Muslim, I believe in his spiritual leadership.

[Olivera] Sir, how many number of armed followers do you have?

[Lucman] Well, right now we have already turned in about 800 firearms in Iligan City under Brigadier General (Nale) and the ceremony will take place on the 23d of this month as a Christmas gift to the Filipino people. [passage omitted]

[Olivera] What is your stand on the bases issue?

[Lucman] The bases issue. I am appealing to the Filipinos to take this issue in a sober way because this is a time where we must recognize the strength of the superpowers in determining the foreign policies of the third world nations. I think that if we only understand the immensity of the interest of the superpowers, particularly, the United States of America in policing the Southeast Asia region and the south China seas, I think that we must understand their position very well and have a trade-off in such a way that [changes thought] in exchange for the Americans helping us with our debt problem, we let them make use of our territory as their base in Asia. [passage omitted]

Aquino Signs Accord for Oil Drilling in Palawan

HK1212052590 Manila DWIZ Radio News 882 in Tagalog 0400 GMT 12 Dec 90

[Text] President Corazon Aquino today approved exploratory oil drilling in Palawan. The oil yield is approximately one trillion cubic feet or 160 million barrels per day. Filipinas Shell and Occidental Petroleum will jointly carry out the exploratory drilling. They assured that there is a big gas deposit in the area. President Aquino and the two firms' representatives signed the agreeement in Malacanang. The government will not spend anything and it will even get a 60 percent profit from the project. According to Presidential Adviser on Energy Affairs Wenceslao de la Paz, all the metro gas will be sold to the National Power Corporation to use for electricity.

Military Rebel Major Dormitorio Surrenders

HK1212103390 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 12 Dec 90

[Report by Resty de Quiroz from Camp Aguinaldo—live or recorded]

[Text] Another rebel military official involved in the Mindanao pocket rebellion has surrendered to military authorities. At the same time, the Philippine Army leadership has announced, for the first time, the mass dismissal of 224 enlisted Army personnel involved in the failed Mindanao rebellion.

Major General Guillermo Flores, Philippine Army chief, identified the rebel officer as Major William Dormitorio who surrendered to the Southcom [Southern Command] 4th Infantry Division last 29 November. Dormitorio resigned at the height of the December 1989 coup from his position as batallion commander of the 67th Infantry Batallion, based in Lanao del Norte, because of his sympathy for the rebel soldiers. Brigadier General George Moleta of the Philippine Army said that it was Dormitorio who helped facilitate renegade Lieutenant Colonel Alexander Noble's entry into Camp Evangelista when they launched the Mindanao rebellion last October. In addition, Dormitorio also organized military forces in Iligan City to help support Noble's troops. However, Dormitorio was unable to send reinforcements because their leader [Noble] had already surendered.

Meanwhile, Moleta also announced the discharge of some 224 enlisted Army personnel because of their involvement in the Mindanao mutiny. He added that this decison by the Philippine Army came as a result of the investigation and recommendation by the ad hoc committee tasked to investigate the said rebellion case. Flores added that the said mass dismissal is a warning to all his personnel. Aside from this, it was learned that there are 15 other officers involved in the Mindanao incident who are curently under investigation.

Communist Guerrillas Raid Masbate Depot

HK1012110990 Manila THE MANILA CHRONICLE in English 10 Dec 90 p 8

[By Manny Mogato]

[Text] Suspected communist guerrillas raided and destroyed a communications relay station of the Philippine Long Distance Telephone (PLDT) company in a remote town in Masbate on Friday, reports reaching Camp Crame said. The rebels also took several communications equipment and gadgets from the PLDT relay station in Barangay Balite, Baleno town in Masbate.

The guerrillas struck at about 11 a.m. Friday as PLDT employees were preparing to take their lunch. The lone security guard, Romulo Bostrillo, was over-powered by some rebels and was herded together with other personnel inside a room. The other rebels ransacked the place.

The guerrillas left after minutes, bringing with them an oscillator, an Aritsu level meter, a betacord, a power meter and a frequency counter.

Troops who rushed to the area failed to corner the guerrillas, who had already left for Brangay Gano, a forested area in the same town, the report said.

This is the second time guerrilas attacked a nonmilitary telecommunications facility in the provinces. The first was in Cagayan where rebels tried to blow up the Bureau of Telecommunications (Butel) relay station and domestic satellite facility in Enrile town.

Six Communist Rebels Slain in Camarines Sur

HK1012123990 Quezon City Radyo ng Bayan in Tagalog 0648 GMT 10 Dec 90

[Report by Jim Bilasano from Camp Crame—live or recorded]

[Text] Eight persons were killed in an encounter between the military and communist rebels at Sitio Palang, Barangay Baya, Ragay, Camarines Sur yesterday. According to reports reaching the office of PC-INP [Philippine Constabulary-Integrated National Police] chief Major General Cesar Nazareno, six NPA [New People's Army] members and two civilians were slain, while those injured were identified as Lieutenant Colonel Renato de Lima of the CIS-SOG [expansion unknown] and a certain Patrolman Regis. It was also learned from the report that Colonel de Lima's group had just undertaken exhumation of several corpses buried in the area by NPA rebels when they were suddenly attacked by an unidentified number rebels. There was an exchange of fire which lasted for an hour and a half, resulting in the deaths of six communist rebels and two civilians. The slain rebels have not yet been identified while the injured military personnel were taken to a nearby emergency hospital in Camarines Sur.

Ten NPA Rebels Killed in Clashes With Soldiers

HK1112040690 Manila MANILA BULLETIN in English 11 Dec 90 p 8

[By W. N. Yamzon]

[Text] At least 10 New People's Army (NPA) rebels were killed in clashes with government troops in Davao, Misamis Occidental, and Zamboanga del Sur over the weekend, reports reaching the Army headquarters at Fort Bonifacio in Makati said yesterday.

A report to Maj. Gen. Guillermo Flores, Army chief, said elements of the Callawa Civilian Active Auxiliary (CAA) and security group from the "Bravo" company of the 75th Infantry Batallion led by Private 1st Class Raul Araquil clashed with about 30 heavily armed rebels in barangay Tatualan, Buhangin District, Davao City.

The government troops were on a patrol mission when they chanced upon the rebels under one "Commander Dagami" in Sitio San Miguel.

A three-hour firefight ensured between soldiers and rebels, leaving four guerrillas dead.

The troops recovered at the scene of encounter an M16 rifle, a caliber 30MI garand, and ICOM radio, an improvised claymore mine, personal belongings, and subversive documents, reports said.

In Misamis Occidental, a team from the Army's 5th infantry Battalion and the 11th CAA company under certain Private 1st Class Miranda and Ledesma clashed with about 15 rebels under "Ka [Comrade] Baloy Tardo" in sitio Aquino, Carmen, Jimenez town.

A 10-minute fighting erupted, resulting in the death of four rebels, the reports said.

After the firefight, troopers recovered an M16 rifle, three magazines for M16, subversive documents, a medicine kit, and assorted combat paraphernalias, the Army said.

In Zamboanga del Sur, a team from the "Charlie" Company of the 51st Infantry Battalion engaged communist guerrillas in a 20-minute firefight in sitio Saya, Pulidan in Titay.

The soldiers killed two rebels identified as Jamese Abajar and a certain Gilbert, the reports said.

The troops were on combat patrol when the encounter took place.

Lawyer, Policeman Killed in Manila Ambushes

HK1112050790 Manila DWIZ Radio News 882 in Tagalog 0400 GMT 11 Dec 90

[Text] Two separate ambushes took place in Ermita, Manila this morning. The first happened at 0730 in T.M. Kalaw, near the corner of San Carlos Street. The victim was identified as Attorney Franklin Farolan, who sustained two bullet wounds in the head from three unidentified suspects armed with .45 caliber guns. He died before reaching the hospital. The second ambush was at 0800 on the corner of Leon Guinto and Apacible Streets, Ermita, Manila. This time the victim was Patrolman Maximino Goa, assigned to the Western Police District Homicide Section. He also sustained two bullet wounds in the head. Witnesses believe the suspects are 25 to 30 years old, and armed with .45 caliber guns. They immediately fled after the ambushes. The Manila police are investigating the motive behind the killings.

Thailand

Army Chief: Premier Should Be 'Given a Chance'

BK1212013590 Bangkok THE NATION in English 12 Dec 90 p A1

[Text] Army Commander-in-Chief Gen Suchinda Khraprayun said yesterday Prime Minister-designate Gen Chatchai Chunhawan should be "given a chance" to lead another government.

He also indicated he had reached "some understanding" with Chatchai who is trying to form a new cabinet after being reinstated as prime minister by HM [his majesty] the King on Sunday.

But the Army chief declined to comment further on the current political situation during a brief interview with reporters at the Army Auditorium after receiving new Singaporean Ambassador Chin Siat Yoon.

When asked whether the military is pleased with Chatchai's reinstatement and the way he is trying to form the new government, Suchinda said bluntly, "The military has no right to be either pleased or displeased."

"Please give the prime minister a chance," he said.

Chatchai is understood to have Suchinda's support in returning to premiership after resigning last Saturday.

The premier-designate said on Monday night he was trying to form a six-party coalition that would have an absolute majority in the House of Representatives. In answering a reporter's question, Suchinda said he did not think that would lead to a "parliamentary dictatorship.... There would be a lot of important politicians in the opposition," Suchinda said, but did not elaborate.

Supreme Commander Gen Sunthon Khongsomphong denied the military had pressured Chatchai to resign last week.

SAP's Khukrit Accepts Solidarity in Coalition

BK1212012990 Bangkok THE NATION in English 12 Dec 90 pp A1, A2

[Text] Social Action Party [SAP] leader M.R. Khukrit Pramot yesterday conceded to pressure from within his party to join the government despite the possibility that the rival Solidarity Party may be a coalition partner.

But Khukrit insisted that SAP must retain the key ministerial posts that it held in the previous government.

"There's no choice. We have to join the coalition because (party members) want it that way. What else can I do? I am here (in Chiang Mai) while the premier is a long way away from me (in Bangkok)," Khukrit said.

He added sarcastically: "With a big majority in the house, the new government will be able to do anything it wants to. For the next 18 months, we will be under the dictatorship of a person called Chatchai."

He said he opposed Solidarity's presence in the new coalition simply because it would go against the principle that the government should not have complete sway over the House. The new government would command 297 MPs [members of parliament] if an agreement is made between the Chat Thai, Solidarity, Social Action, Democrat, Ratsadon and Puangchon Chaothai parties.

"I have been on friendly terms with Narong (Wongwan, the Solidarity leader), and Bunchu (Rotchanasathian, the deputy leader) was a student of mine in the past," he said.

Khukrit said that the political situation would be in turmoil from now on because "all the MPs want to be in the cabinet."

He said at this stage SAP Secretary General Montri Phongphanit and deputy leader Subin Pinkhayan would be nominated for the new cabinet.

But he said that Premier Chatchai Chunhawan could not avoid blame for adverse consequences from the establishment of the six-party coalition.

Khukrit also denied rumours that he would step down as party leader if SAP and Solidarity stayed together in the new coalition.

"What for? It would be a childish and useless act to quit," he said.

Khukrit is due to return to Bangkok from his Mae Ping retreat in Chiang Mai on Friday.

In a related development, Solidarity leader Narong told reporters that his party wanted to take control of key ministries to enable the party to play a meaningful role in solving national problems.

He singled out the Ministry of Agriculture and agricultural cooperatives as an example.

Narong yesterday discussed the latest political developments with Bunchu and Chaloemphan Siwikon, two leading Solidarity members expected to get cabinet posts if the party can come to an agreement with Chat Thai.

They were apparently expecting a call to attend formal negotiations with the other supporters of Chatchai's leadership.

But Chat Thai secretary general and chief negotiator Banhan Sinlapa-acha suspended the formal talks yesterday, while party Chairman Pol Gen [Police General] Praman Adireksan and deputy leader Sano Thianthong said they understood the planned talks were still on.

Banhan was reportedly led to suspend the negotiations because of an emerging rift within the Democrat Party. The Democrats were due to meet to consider a call by a group of about 15 MPs led by Bangkok MP Phichit Rattakun for the party to stay in the opposition.

Phichit and Aphichet Nalekha, the chairman of a Democrat branch, told reporters that they would push for a party endorsement of their pullout call at today's meeting.

But at the golf course of the State Railway of Thailand, Democrat deputy leader Prachuap Chaisan said that the party should not bar Solidarity from joining the coalition.

Democrat Secretary General Maj Gen Sanan Khachonprasat and deputy Democrat leader Chuan Likphai, however, were cautious in their statements on the question.

Sanan said that it was not final yet how many parties would be in the coalition and that the Democrats would have to consider how much it could help the country if it joined the coalition. Chuan, who leads a major faction of southern MPs, said he did not care whether Solidarity was in or out.

Like SAP and the Democrat Party, the premier's men are also split. The PM's policy advisers, particularly Chatchai's son, Kraisak Chunhawan, are lobbying for the premier to choose SAP against Solidarity, and to allow for vacant posts to be filled up by qualified non-MPs.

Papers View Chatchai's Task of Forming Cabinet

BK1112162190

[Editorial Report] Four Thai language dailies—THAI RAT, NAEO NA, MATICHON, and BAN MUANG—on 11 December carry editorials commenting on current political developments, starting with the resignation of Prime Minister General Chatchai Chunhawan and his reappointment as prime minister with the task of forming a new cabinet to run the affairs of the country.

THAI RAT's 800-word editorial on page three, entitled "Making Politics Clean," says it is generally admitted that the past Chatchai Government was the most corrupt government Thailand has ever had. In a statement after being renominated prime minister with the task of forming a new government, Chatchai pledged that his new government will focus attention on the honesty of its ministers. "This is a good beginning. It is held as a promise given by the new leadership to the general public, and the government should try to achieve this goal and not leave it as an empty promise to the people," the paper says.

The paper says it wishes the prime minister success in efforts to eliminate official corruption and malfeasance as this is the only way to restore public confidence in the democratic system. Also, in order to get good people into the administration, the government leader and parties in his coalition must change the criteria in selecting people to hold cabinet posts. The selection should not be based on the principle of seniority, financial influence, or influence on party members, but rather on experience and capability.

NAEO NA's 800-word editorial on page three, entitled "Undesirable Situation," cites the reason given by Chatchai for stepping down as prime minister. Chatchai also asserted that he has been upholding the principle of honesty in performing his duties. "But in national administration, it is not just the prime minister's honesty that counts. It involves all others in the government. What is the image of other cabinet ministers? Are they clean and honest the way General Chatchai pledged he is? Any person can answer this question," the editorial says.

NAEO NA, however, notes that there are many other ministers in the Chatchai Cabinet who are clean and honest. The fact that we can survive as a nation is because there are more honest and good people in our society. It is the acts of those in the minority group of unqualified cabinet ministers that prompted Prime Minister Chatchai to resign.

MATICHON's 800-word editorial on page eight, entitled "How To Form a Cabinet," also notes that widespread corruption and official dishonesty was responsible for the fall of the Chatchai Government. The public has lost faith in the government. Chatchai, meanwhile, failed to take drastic action in order to deal with the problem and remedy the situation. Now he is again faced with the task of forming a new cabinet. It cannot be done without taking into consideration the quota allotment for respective parties in the coalition.

"Although the prime minister will have to follow the set tradition in the process of political bargaining and forming a new government, he must not overlook one important factor, and that is that the 44 persons he is going to appoint to cabinet positions under the Constitution must be well qualified, efficient, and honest persons who place national interests above individual interests," the editorial says, adding that the prime minister must not treat cabinet posts as awards for senior members or influential brokers of the parties in the coalition parties. Non-partisan persons who are endowed with experience and capability should be given the opportunities. The formation now underway of a new cabinet requires great strength on the part of the prime minister to select the right parties and politicians. The paper concludes: "Failure and mistakes in the past two years should serve as a valuable lesson for the man called Chatchai Chunhawan."

BAN MUANG's 800-word editorial on page two, entitled "Can the Crisis of Confidence Be Remedied?" notes that the Chatchai Government enjoyed popularity and commanded public confidence in the beginning of its administration, and nobody thought there would be a need for a reshuffle. Yet, there was the first reshuffle and then the second reshuffle, and the situation has not improved. When he was working on another reshuffle, Chatchai got a request that he should resign and thus get rid of all commitments with the coalition parties in order to have a free hand in forming a new cabinet. Chatchai resigned after he received an assurance that he would be renominated as prime minister.

The process of finding a prime minister has ended well. "What is now of great concern is whether the prime minister will be able to form a government that is accepted by the people. The most crucial requirement the public expects from this government is how it will be able to resolve the crisis of confidence in all sectors. As the prime minister remains the same person, and certainly most of the cabinet ministers in the new line-up will be the same again with the same policies, we still hope that the current political goings on will more or less help restore public confidence," the paper concludes.

Daily Assesses New Coalition Government

BK1212025390 Bangkok THE NATION in English 12 Dec 90 p A11

[Editorial: "No Alternative Government"]

[Text] There is nothing uncommon in Gen Chatchai Chunhawan's desire to form a strong coalition with an overwhelming majority in the 357-member house. The six parties that endorsed his renomination to the premiership have a combined strength of 297 MPs [members of parliament]. Their coalition will leave the remaining 60 MPs unable to call a no-confidence debate against the new administration; such a call requires a minimum of 72 votes (or more than one-fifth the total house membership).

Critics quickly protested that the new Chatchai coalition would turn into a "parliamentary dictatorship". But the hue and cry is misguided. This house has no real opposition parties.

Ideally, a government or a coalition must have a firm control of the majority vote in parliament in order to pass legislation necessary to governing the country without delay. This control doesn't necesssarily turn the government into a "parliamentary dictatorship" because there are other forces capable of checking the government in a parliamentary system. In Thailand, these forces include the military, the bureaucracy, the press, the parties within the ruling coalition and their factions, the senate, the labour movement, students and academia.

Experience shows that a multiparty coalition with a narrow margin above an absolute majority tends to be unstable. The coalition leader is held virtually hostage by the large coalition partners, whose participation is essential in maintaining the government's control of a majority vote in parliament.

Such inherent instability is what Premier Chatchai hopes to avoid when his Chat Thai Party invited the five others to form a new coalition. Of the five Chat Thai's partners none are indispensable. Even if the Social Action [SAP] (53 MPs) and Democrat (48 MPs) Parties gang up against him on some life and death issue, his coalition would still have 17 votes more than the absolute majority to survive any vote in the house, assuming that there are not other defections.

With Solidarity (62 MPs) turning into a willing partner of any Chat Thai-led coalition, Premier Chatchai's bargaining power with SAP and Democrat has increased remarkably. Now he can drop either or both of them and take in Prachkon Thai (31 MPs). His chances of striking a good bargain with SAP and Democrat are quite good as these two can no longer threaten him with noncooperation.

Solidarity, on the other hand, will meekly accept anything the premier and his men dish out. The former leading opposition party has nothing left to stand for. It has failed miserably as the opposition leader. Just last week it was ridiculing Premier Chatchai for reneging on his promises to the military. Now it is literally begging him to co-opt it into his new coalition.

Solidarity's failure is indeed a blow to Thai democracy as a whole. Yet most people and critics have overlooked it. Maybe they had no high expectations of this second largest party from the outset.

Without a credible alternative to the ruling coalition, and with the Solidarity's inability to assert itself as a core for an alternative coalition, Thailand is stuck with Premier Chatchai and his Chat Thai-led coalition until the end of his four-year term in mid-1992. This means there will be no improvement in government administration because Chatchai's weaknesses and his divisive party were the sources of most of the problems dooming his previous coalition government.

To set a truly democratic example, SAP and Democrat should stay out and let Chat Thai, Solidarity, and perhaps Prachakon Thai form a new coalition for a change. This is in line with the democratic parliamentary system of alternative government. But since the same old Chat Thai-SAP-Democrat alliance already failed to improve the political situation, it is foolish to believe that adding an incompetent party like Solidarity will make it any better. Solidarity's arrival will in fact only hasten the downfall of the new coalition because of the many unprincipled politicians inside this party and their standing feuds with leaders of the other parties in the coalition.

In any case if the new coalition, in any combination, fails again, Premier Chatchai must not hesitate to dissolve the house and call a new general election. Giving people a real chance to take part in shaping a new government when the existing one has been a failure is what parliamentary democracy is all about.

Mae Sot Border Sealed at Traders' Request

BK0812021190 Bangkok BANGKOK POST in English 8 Dec 90 p 6

[Text] Mae Sot Tak—Thai border authorities yesterday sealed the border to block illegal border crossings and shipments of goods between Mae Sot and Myawadi in the latest round of strife at the controversial area.

The move followed a request by Thai merchants who feel they are being unfairly treated by the Burmese.

The request was made at a joint meeting of about 100 border officials and merchants at Task Force 34 headquarters, chaired by its commander Col Niphan Siphaibun, to consider the five conditions set by Myawadi authorities for the opening of the borer.

The Myawadi authorities on November 29 closed the border with Mae Sot following a bomb explosion on the Burmese side of the Moei River in which eight civilians were wounded.

The merchants believed the border closure was unreasonable as Thais had nothing to do with the incident. In retaliation, they asked Thai authorities to strictly block all cross-border activities.

Despite the closure order, Burmese continued to come over to Mae Sot to buy necessities, particularly fuel.

Thais, however, remained prohibited from crossing over to Myawadi.

The Myawadi authorities' conditions for the Thai side to comply with in return for the opening of the border were as follows:

—Thai merchants must build warehouses on the river bank which are off-limits to outsiders.

—Thai authorities are to check all parcels of goods to be sent to Myawadi by opening them to make sure that there are no explosives hidden in them.

—After the parcels reach Myawadi and if an explosion goes off, the Thai side must be responsible for the incident.

—In case an explosion takes place, the checkpoint through which the parcel with the explosive was sent must be closed immediately.

—If the Thai side wants the border opened, Thai authorities must send a letter to Myawadi to call for a joint meeting.

Thai border authorities were of the opinion that Myawadi authorities had unfair attitudes towards their Thai counterparts following a number of incidents, despite Thais not being involved in these incidents.

A merchant said it was the Myawadi authorities that were rebuked by Rangoon for not being able to prevent the incidents.

Myawadi authorities subsequently put the blame on the Thai side, he said.

It was agreed at the meeting that Thai authorities would go to Myawadi today to negotiate with the Burmese for the opening of the border.

If the Burmese agreed to open the border the Thais would lift the blockage.

If the Burmese side disagreed, the Thai side would invite the Burmese authorities for talks at the Mae Sot Hill Hotel on Monday.

Border Talks Fail

BK1212023190 Bangkok BANGKOK POST in English 12 Dec 90 p 2

[Text] Mae Sot, Tak—Talks between Thai and Burmese authorities in Myawadi on reopening the border here have collapsed, with the Thai side rejecting conditions set by Burma.

The Burmese military authorities in Myawadi ordered the border with Mae Sot closed following a bombing on November 28 that wounded eight people.

The Burmese conditlons to reopen the border included Thailand being held responsible in the future for any bombings in Myawadi.

Task Force 34 commander Col Niphan Siphaibun, who led the Thai delegation at yesterday's talks, said Thailand could not accept the condition.

"We believe that past bombings in Myawadi had been carried out by people in Burma. How can Thailand be held responsible? It is the duty of the Burmese authorities to step up security," he said.

Other conditions set by the Burmese delegation, led by Col Maung Maung Ohn, head of Tactical Opperations Command 443, included:

—Ensuring that no explosives are hidden in goods sent from Mae Sot to Myawadi.

—Guarantors for all goods being free of explosives.

—Ensuring that no tourists visiting Myawadi carry weapons.

Col Niphan said since the border was closed, Thai authorities have banned crossings by people from both sides of the Moei River and strictly prohibited shipment of goods both ways.

He called on Thai merchants to cooperate.

Since the Thai side had rejected the conditions, a proposal by Thai merchants for a temporary wooden bridge across the river had not been raised, he said.

Mae Sot District officer Phunchai Niamwatthana said Myawadi authorities will seek approval from Rangoon to hold more talks with the Thai side.

Customs officials at Mae Sot yesterday seized 20 cartons of cigarettes smuggled from Myawadi. Since November 29, over two tons of smuggled onions had also been seized.

All Nationals Urged To Return From Mideast

BK1212014590 Bangkok THE NATION in English 12 Dec p A1

[Text] All Thais working in the Middle East will be asked to return home as the Jan 15 deadline for Iraq to withdraw from Kuwait draws closer and the possibility of war breaking out increases, the Foreign Ministry spokesman said yesterday.

Sakthip Krairoek said his ministry had instructed all its missions in Kuwait City and Baghdad to urge Thais, especially women and children and those whose contracts have expired to return home as soon as possible, for fear that a war might erupt in the near future.

About 200 workers remain in Iraq working for the Inirgo Project construction company, the South Korean firm of Samsung and others, he said. So far 40 of them have expressed their willingness to return to Thailand, Sakthip said. He added about 20 workers and their dependants are still in Kuwait.

Sakthip added that Thai embassies in Jordan, Turkey, Saudi Arabia and Israel were also instructed to check the number of Thais living there, report the current situation and draw up contingency plans in case the situation worsens.

The instruction was included in an initial plan of action mapped out by Foreign Ministry's working group on the evacuation of Thai workers in the Middle East. The working group met on Nov 29 to discuss the plan which would be later forwarded to the interagencies committee chaired by Prime Minister-designate Chatchai Chunhawan for approval.

He said the plan included a number of recommendations and precautionary measures against the possible use of chemical weapons and air attacks. Thai people who are unable to return to Thailand if and when a war starts should be given all the advice necessary for their safety by the respective embassies, he added.

The spokesman said the current communciations links with those embassies will also be upgraded especially the telegraph to avoid a reoccurrence of a total disruption which happened during Iraq's invasion of Kuwait.

'No Impact' Declared From Suspended Air Pact

BK0812015290 Bangkok TNA in English 0507 GMT 7 Dec 90

[Text] Bangkok, Dec. 7 (OANA-TNA)—Thailand's tourism and hotel services would not be affected if no extension of the Thai-U.S. air-service agreement, in November was made, President of Thai Airways International [THAI] Air Chief Marshal Wira Kitchathon said here Thursday.

Thailand and the United States are currently locked in a dispute over the bilateral aviation agreement, under which the U.S. airlines are not subject to any restrictions in their flight frequencies to Bangkok while THAI faced severe restrictions.

A series of failures in the negotiations led Thailand to terminate the 1979 bilateral air transport agreement which went into official effect on November 2.

Without the air service agreement, airlines of the two countries are now operating on a temporary basis and it has been agreed that March 31, 1991, will be the day on which flights between the two countries will be discontinued.

ACM Wira said there would be no impact on the Thai side, although the temporary airline agreement has been terminated. The passengers fly directly from the U.S.

representing only 10 percent of an overall foreign passengers coming into Thailand. While 90 percent of the passengers are from Taipai, Japan and South Korea.

Moreover, ACM Wira said THAI would diversify its flights into the North Pacific cities. THAI would have to increase its flight services on the Bangkok-Tokyo, Bangkok-Taipei and Bangkok-Seoul routes to make up for the absence of services by U.S. airlines from these regional markets, he said.

Disagreement Over Air Pact Studied

BK1112015590 Bangkok THE NATION in English 11 Dec 90 p B10

[By Thanong Khanthong]

[Text] There was hardly anything revealing in the latest US statement on Friday on the shaky Thai-US civil aviation agreement. Again, the real meaning was buried in the jungle of syntax. The point-by-point rebuttal of a full-scale onslaught by the Thai Department of Aviation on November 30 appeared to be a decent response. But where was the beef?

The fact is that there was no beef in the sandwich. The US still insists on sitting on the 1979 bilateral air service agreement, which expired on November 3 this year after both sides failed to strike a bargain on renewing the agreement. It wants the dust off the old agreement by making some cosmetic changes or adding new provisions to make it look good.

Only in this fashion will the US be able to breathe new life into the one-sided civil aviation agreement—the agreement Mahidon Chandrangkun, chief of the Thai negotiating team, branded as a "yoke" that must be removed at all cost. The US said it was "surprised" by the Thai team's move to raise the issue of an entirely new agreement, although "three rounds of consultations in 1990 centred on possible changes to the existing agreement which would have done the job".

What the statement failed to point out is the US arm-twisting tactics in the negotiations during which such provisions as aviation security or access to the computerized reservation system were raised as a trade-off for its agreement to counter Thai concern over frequencies and pre-determination of capacity. Then, according to the US, both sides would have to return again some time in the future to negotiate further on the status of the bilateral agreement.

This is something that Thailand can never accept. If the US really "fully supports a relationship of equality in its civil aviation with Thailand" as indicated in the November 23 statement, why cannot it set its mind on an entirely new air service agreement? Why bother living with the past? And why does it want to complicate the negotiations?

The only answer to this riddle is that the US wants to keep the legacy of the inequal relationship concerning the bilateral air service agreement. The summary table of the 1979 air service agreement should bring sobriety to any sceptic as to the rationale behind the Thai move to tear up the one-sided agreement once and for all.

Thailand is ready to forget the past and start a new chapter of bilateral civil aviation relations based on the spirit of equality with the United States. Sticking to the old agreement is like putting salt on Thailand's wound. Thailand was compelled by circumstances to sign the 1979 air service agreement with the US without realizing the consequences involved.

Over the years, US carriers, riding on the generous 1979 agreement, have been able to build up their business in the Far East by taking advantage of the Fifth Freedom—the freedom that allows carriers to carry passengers and cargo from the transit points to the final destination—to the extent that Thai Airways International [THAI] and other regional airlines have been forced to retreat against the mighty onslaught.

United Airlines, Northwest Airlines, Delta Airlines and Federal Express are currently operating a total of 38 flights a week—31 for passenger flights and seven for cargo flights—to Bangkok, with a combined annual revenue of Bt [baht] 7.5 billion. The business is particularly lucrative when the US carriers take advantage of the Fifth Freedom by carrying passengers and cargo between Thailand and Taiwan, South Korea or Japan.

The Thai side has argued consistently that US carriers may fly to Thailand without any restrictions on frequency, but their exercise of the Fifth Freedom by taking the passengers or cargo along the way must be subject to restrictions. This is something the US, which is in the upper-hand position, will not dare to accept.

The US statement said: "The US does not understand the rationale for the Thai side's proposal in the last round of consultations to reduce by one-third the number of American passenger flights serving the Thai market. Given what those flights have contributed and could continue to contribute to the Thai economy, such cuts seemed unhelpful to Thailand's interests. It was that proposal which blocked agreement."

But this argument fails to shed light on the increase in the US carriers' business at the cost of THAI, which alone is in no position to enter the sky war against the US competitors. Case in point: THAI has seen its market share on the Bangkok-Tokyo route falling sharply to 27.9 percent this year as a result of the penetration of the US carriers compared with a commanding lead of 43.8 percent in 1986.

A favourite dogma for the US is to resort to "market force" when it comes to business competition. The US statement argued: "These increases in flights by US carriers, permissible under the US-Thai aviation agreement, were simply an economic response to market needs for increased air services, needs which were not otherwise sufficiently being met."

But this market force argument should not be understood in absolute terms. For, if market force really underlines the US policy, the US Farm Act, the subsidy programme of which comes at the cost of a price slump in Thai rice on the world markets, should not have come around in the first place.

The US airline industry itself is in turmoil over ownership concentration, weakening market demand at home, rising prices of aviation fuels and overcapacity. Suspicions are rife that the US airlines might be trying to form an alliance through price collusion. According to a November 19 FINANCIAL TIMES report by Nikki Tait, there is growing concern that "the US 'hub' system can result in individual airlines being dominated by one or two airlines. When this happens, argue the industry's critics, flights to and from those cities tend to rise more steeply in price.

"This clamour has been sufficiently loud to prompt first a study by the General Accounting Office, Congress's investigative arm, and, more recently, the Justice Department. Added to the criticisms, and also under investigation, is the claim that airlines communicate pricing intentions through a commonly-owned computer network."

In spite of the deregulation runway, there is no guarantee that the US public will be given adequate protection from a possible collusion of the US airlines. And this culture should not be exported to the Thai commercial aviation market.

In an interview with THE NATION late last month, Mahidon of the Thai negotiating team pointed out that the US airlines, intending to display their marketing might, have dumped their capacity in the Far East market by raising the flight frequency and gaining a significant increase in market share in the process, as if to give a statement that American carriers are irreplaceable.

Yet, the US move has alerted the Thai side about the danger of allowing the US free exercise of the Fifth Freedom. "We will be in more trouble by the time the US airlines raise their frequency to some 60 flights a week. Then, yes, the US airlines are irreplaceable," he said.

For now the bilateral aviation agreement is lapsed and civil aviation matters are governed by comity and reciprocity until the end of March 1991. By that time if both sides still fail to agree on a new accord, air services between the two countries will be effectively terminated. It will then be a real test of strength between THAI and the US carriers.

National Security Council's Policy on USSR

BK0712153390 Bangkok MATICHON in Thai
6 Dec 90 p 2

[Text] According to a Government House source, the cabinet on 4 December approved a proposal by the National Security Council [NSC] to revise Thailand's security policy toward the Soviet Union for 1991-1993 in the economic, political, social, and military fields, with emphasis on the political and military fields.

The report said that in its proposal to the cabinet, the NSC had analyzed the current situation in the Soviet Union as follows:

1. Politically, the Soviet Union has allowed other political parties to carry out activities to compete with the Communist Party, eased tension with Western Europe, and tried to expand its economic relations with foreign countries.

2. Militarily, the Soviet Union has improved the efficiency of its Armed Forces and reduced its budget and the number of personnel in Western Europe and Asia by 500,000 by 1991.

As a result, NSC reports said that these will have effects on Thai-Soviet relations in the political field. There will be more exchanges of high-level visits and more contacts between Soviet labor organizations and Soviet organizations using labor affairs as a cover on the one hand and Thai labor unions on the other. The Soviet Union will try to seek a front with labor unions in Thailand. The Soviet Union will carry out the following socio-psychological activities.

1. Using cultural, scientific, and sport exchanges as a tool to promote understanding between the peoples of the two countries.

2. In mass communications, the Soviet information office in Bangkok will exploit some Thai mass media groups for propaganda purposes and as agents to promote the Soviet image.

The report analyzed that military relations between the Soviet Union and Thailand will not be smooth because the Soviet Union supports the Vietnamese occupation of Cambodia, uses facilities at the Cam Ranh Base, and sends its warships to collect intelligence information in the Gulf of Thailand.

The NSC report said that Soviet activities will have the following effects on Thailand:

1. Politically, the Soviet Union will probably emphasize establishing relations with power groups in Thailand such as government officials, politicians, students, intellectuals, laborers, and journalists who are in favor of the Soviet Union. It will also use some organizations as a cover to have contacts with labor, human rights, and religious groups. At the same time, the Soviet Union will try to push for the establishment of "the Soviet- Thai Friendship Association".

2. Militarily, although the Thai Armed Forces has instituted strict measures on contacts with Soviet officials which pose an obstacle in expanding relations between the two sides, the Soviet Union is expected to try to

improve relations in this field. A Soviet withdrawal from the Cam Ranh Base will help ease the confrontation.

3. Socio-psychologically, the Soviet Union will probably try to expand people-to-people relations through direct cultural contacts and through undercover organizations using labor, women, and religious affairs as a pretext.

4. The Soviet Union will continue to target Thailand for intelligence collection and use Thailand as a base to collect information on this region and information on the activities of China, the United States, and Australia.

"The NSC has proposed two major policies toward political relations with the Soviet Union, i.e. trying to persuade the Soviet Union to see the long-term interests which will enable Southeast Asia to have real peace and stability, not to do anything that will constitute a direct or indirect threat, and to prevent any political, military, and socio-psychological infiltration from the Soviet Union," the report said.

PRC Warship in Bangkok for 'Friendly Visit'

BK1212114790 Bangkok ZHONG HUA RIBAO in Chinese 11 Dec 90 p 3

[Excerpt] At the invitation of the Royal Thai Navy, the (Zheng He) training warship of the People's Liberation Army of China with some 280 naval personnel and an art troupe led by Chinese Navy Deputy Chief of Staff Rear Admiral Zhang Yusan [title and name as published] arrived at the Khlong Toei Port at 0900 on 10 December for a one-week friendly visit.

The Chinese warship was welcomed at the port by Commander of the Naval Officers College Vice Admiral Suwit Watthanakun, navy officers, Chinese Ambassador Li Shichuan and wife, Embassy Counselor Zhang Xujiang and his wife, Counselor Cai Xinyang and his wife, Military Attache Zhou Jiangwu and his wife, Vice Military Attache Chang Jingai, Chinese Embassy senior officials, and representatives of the mass madia.

Talking to reporters at the Khlong Toei Port, Rear Admiral Zhang said that this is the first visit to Thailand by a Chinese warship. He was very happy. He also said that Thailand and China are good neighboring countries. The Chinese naval delegation's visit to Thailand is aimed at strengthening the friendship between the peoples and the navies of the two countries and is also aimed at learning from the advanced experiences of the Thai Navy.

Meanwhile, the commander of the Thai Naval Officers College said that relations between the Thai and Chinese Navies were very good. Both sides have frenquently exchanged visits of senior officers. Now, China is building six frigates for Thailand. The ships are expected to be delivered next Feburary. He also believed that Thai warships will also call on China in the near future. [passage omitted]

Hungarian Minister Views Bilateral Relations

BK1012075190 Bangkok Domestic Service in English 0000 GMT 9 Dec 90

[Text] Hungary's Foreign Minister Geza Jeszenszky paid an official visit to Thailand during 2-5 December to enhance bilateral relations and seek ways and means to expand trade, economic, and cultural cooperation. During his stay here, he was granted an audience by His Royal Highness Crown Prince Maha Wachiralongkon and held consultations with Minister of Foreign Affairs Subin Pinkhayan and commerce authorities. He also talked to us in a press conference:

[Begin Jeszenszky recording] I am very happy to meet you and to say a few words about my visit here, my experiences, and of course, to answer your questions.

This visit was not only a first for me personally, but really for the new Republic of Hungary. Even the official name is quite new as the result of the spectacular changes in 1989 and as the result of the first free elections since 1946. My party, with its coalition partners, won the election, and here I would like to emphasize that although Hungary in the last few years have become known and rightly as a liberal communist state, a far more outspoken and open country, and all that contributed to the changes in Hungary, but the real radical transformation only took place in the last year. And, what we set up in fact, all the six parties represented in the Hungarian Parliament, those of the government, and those three parties in the opposition, share a basic (?pull) in the philosophy, a basic attitude, political pluralism and a dedication to reestablish the market economy.

This afternoon I had opportunity to talk at some length about the story of this transformation, the causes, the repercussions in the whole region, and also some of our problems. And in my official talks, of course, I also dealt with these problems, various aspects of it. Before telling you just a few of my impressions and results, I would like to tell you that the new Hungary is also having a Western European-Atlantic orientation, but in fact all free democratic countries are included in this orientation. And certainly geographically speaking, we have a strong commitment and a strong will to have ties, hopefully very close ties politically, economically, and also culturally, with Asia, especially those Asian countries who share something which we think is a common system of values and those who by their examples show to the world, but we also show in a different way that freedom, free systems are far superior to oppressive systems.

So this Hungarian commitment took me to Thailand and this is the first Asian country that new Hungarian Government, new government minister has visited, well in fact some of my colleagues have been to Japan, if I am more exact. But the foreign minister and the prime minister has not visited Asian countries as yet, and I am very pleased and it was of course deliberate decision on my behalf and my staff to come to this country.

Well, I had very fruitful, very enlightening meetings. First of all, and that [words indistinct] was characterized by a gracious audience I was given by His Royal Highness the Crown Prince, and it was not simply a great honor for us to be received at such a busy period of your history but also he expressed a personal dedication for improving relations further between Thailand and Hungary.

I was also received and had extensive talks with the deputy prime minister; with Doctor Subin Pinkhayan, the minister for foreign affairs; and also with the president of parliament; and also with the leader of senate and with the speaker of parliament and also with the acting minister for commerce. In addition, all these meetings were characterized by not only an interest in the changes in Hungary and the mutual determination and dedication for going further because political ties in the last few years have been already quite strong and I think they are very much strengthened by the political changes because now we have not a more enlightened communist country, but we have a true democracy, as stated by also President Bush recently. We agreed with my colleagues and with the various high officials of this country that we should work together for this, and especially for improved economic participation hopefully now by businessmen from your communities.

We have also signed, well, we have agreed, we have not really signed it, but we have agreed that very soon two important agreements will be signed—an agreement on the protection of investment and also visa requirements, especially diplomatic visas and service visas will be greatly eased. Also, with the acting minister of commerce, we agreed that the joint commission on trade will meet very early next year; we have appointed the leader for that. So, I think the framework has been created not by the changes recently but I hope also by my talks here for the future where not only political, personal ties will be important and flourishing between these two countries geographically far away, but as we are finding in talks, having quite a lot in common in mentality, in history, in the dedication for national independence. So, I think that in the future, the relations will become even more close. [end recording]

Lao Taxes Cause Unexpected Decrease in Exports

BK0812030390 Bangkok BANGKOK POST in English 8 Dec 90 p 20

[Text] Thailand's direct exports to Laos unexpectedly declined 14 percent during the first nine months this year compared with last year, according to the research department of Bangkok Bank Ltd.

But transmit goods through Laos were up 17.3 percent.

The department reported that in the first nine months of this year direct trade (imports and exports) between Thailand and Laos totalled 2,136.2 million baht, down 2.6 percent from the same period last year. This comprised Thailand's exports worth 1,136.1 million baht, down 14 percent and imports worth 1,000.1 million baht, up 14.8 percent.

Thailand's surplus in trade with Laos, therefore, dropped from 450 million baht last year to 136 million baht. This was mainly caused by uncertainty over policies in Laos, where the government has increased tax rates several times since August, 1989 and also the "entrance fee" at Tha Dua trading point from 250 to 650 baht.

The major export items which declined significantly were paddy, vehicles and machinery. Total exports of paddy were valued at 15.1 million baht compared to 320 million baht last year. Meanwhile, exports of vehicles and machinery totalled 96.6 million baht and 25 million baht, down 40.3 percent and 83.1 percent respectively.

Major import items were timber and processed wood amounting to 675 million baht, up 66.6.percent. Imports of scrap-iran decreased by 52.8 percent to 167.9 million baht.

Border trade between Thailand and Laos was mostly conducted through Nong Khai and Mukdahan trading points. In the first nine months this year the value of trade conducted through the Nong Khai trading point amounted to 875.2 million baht, Mukdahan 641.3 million baht, Chong Mek 208.6 million baht and Nakhon Phanom 128.2 million baht, Nong Khai border trading point was the most important channel for Thailand's exports to Laos, accounting for 65 percent of total export value. Meanwhile, half the imports from Laos passed through Mukdahan trading point.

The Interior Ministry this year set up two permanent border trading points—one at Chiang Saeng District, Chiang Rai Province on February 5 and Khemarat District, Ubon Ratchathani Province on July 10. These swell to eight the number of permanent border trading points. Six are in the Northeast—Nong Khai (2), Ubon Ratchathani (2), Nakhon Phanom (1) [as published].

Contrary to the downtrend in direct exports to Laos, transit goods to Laos rose steadily. In the same period transit goods to Laos were valued at 1,394.2 million baht, up 17.3 percent. Major items were petroleum products from Singapore, vehicles, agricultural machinery and electrical appliances from Japan and Singapore and chemical products from Sweden. Transit goods from Laos to third countries recorded 428.3 million baht, up 4.9 percent. Most of them were processed wood and garments to Hong Kong, Taiwan, West Germany, the Netherlands and Canada.

The main obstacles to border trade were tax policies and new rules. On May 4 the Laotian government announced quotas for imports and exports at every trading point and controls on transactions through the banking system. Payments for goods and services in terms of foreign currencies are prohibited. If these policies continue there may be a shortage of kip in circulation and foreign exchange activities in the black market will increase.

Vietnam

Further on 10-12 Dec National Assembly Sessions

10 Dec Meeting Reported

BK1112121990 Hanoi Domestic Service in Vietnamese 1100 GMT 10 Dec 90

[Summary] "Today, 10 December, the Eighth National Assembly's eighth session entered its fifth day. Deputies continued their group discussions over the draft strategy for our country's socioeconomic stabilization and development up to the year 2000 and the orientations, objectives, and tasks of the 1991-95 plan."

At their group discussions many deputies from Thai Binh, Vinh Phu, Phu Yen, Khanh Hoa, Thuan Hai, and Quang Ninh said that since the Sixth Party Congress, our party has effected many changes in its economic policy. This has partly helped in ironing out difficulties encountered in production and achieving national economic progress. We should not just stop there, but instead should overcome problems now confronting production. "In 1991 more difficulties lie ahead of us. So, to achieve the socioeconomic targets set forth in the Council of Ministers' report, we should effect a comprehensive change in micro- and macro-economic management and come up with policies to promote the growth of various economic components."

As to how to resolve the question of money needed for production, deputies from Thai Binh, Thuan Hai, and Vinh Phu pointed out that "as we have not yet made full use of the idle money of the people, we should review savings account interest so the people can get more interest. This is also a great source of capital needed for increased production." In this issue, Comrade Tran Van Dang, a deputy from Vinh Phu Province, said:

[Begin Tran Van Dang recording] In the industrial sector, it is necessary to rearrange activities to prevent them from becoming disorganized and to ensure the linking of production with market demands. Agriculturally, "we should strive to solve the question of money needed for grain production." All these require good leadership on the part of the state and the promotion of the creative labor from various localities and sectors. [end recording]

Another issue that was also hotly debated is the target of agricultural production. "As we still regard agriculture as one of the most important fronts in 1991, we should work out promotional policies to help the people obtain materials and fertilizer. Over the past few years since the introduction of the contract system based on the party's Resolution No. 10, peasants have enthusiastically invested in production. Grain production has changed for the better and we have been able to export our rice. But the state has not yet come up with a fair and clear-cut policy toward peasants. It is necessary to review the prices of fertilizers, materials, gasoline, and oil as well as the price of food grain in such a way that peasants can carry out production profitably." Also in the same vein, Comrade Phan Hoai Chuong, deputy from Thuan Hai said:

[Begin Phan Hoai Chuong recording] We should realize that the price of farm produce is now no longer tallied with that of agricultural materials supplied by the state. [end recording]

"As for the policy to broaden the market, especially with foreign countries, many deputies agreed with the state policy to concentrate on tapping all the country's potentials. To achieve this aim, we should have an investment policy capable of promoting domestic and foreign investment. Only through this can we exercise our open-door economic policy. The deputies also pointed to the lack of democracy in the rural areas, the failure to strictly deal with many corrupt cases, and the cumbersomeness of the state apparatus, and the high rate of unemployment. To resolve these issues, we should broaden production and develop trade and services. But we need money to expand production and the market for our products. These are difficult problems that should be promptly dealt with."

Many deputies also raised the issues of educational development, especially in the mountain region, and the policy of developing and investing in the mountain region. Dealing with this issue, Comrade Phun Hop Senh, deputy from Quang Ninh, said:

[Begin Phun Hop Senh recording] As for the socioeconomic development strategy up to the year 2000 for the mountain region, we should pay attention to assigning the people to management of forest land and forests and to eradicating the malaria and goiters now prevailing among the mountain people. [end recording]

"Tomorrow, 11 December, the deputies will continue their group discussions over the Strategy for Socioeconomic Stabilization and Development Up to the Year 2000 and the orientations, objectives, and tasks of the 1991-95 plan."

11 Dec Plenary Session Held

BK1212111590 Hanoi Domestic Service in Vietnamese 2300 GMT 11 Dec 90

[Report by station correspondent Truong Con Hoa on National Assembly's 11 December plenary session]

[Summary] "At a plenary session yesterday afternoon, 11 December, after hearing some members of the Council of Ministers read their supplementary reports on a number of issues under the direction of National Assembly Chairman Le Quang Dao, the deputies attending the Eighth Session of the Eighth National Assembly discussed at the conference hall the socioeconomic situation in 1990 and socioeconomic tasks for 1991."

In reflecting the results of recent group discussions, all national assembly deputies tried to deliver shorter speeches than in the previous sessions, thereby creating favorable conditions for many others to express their views.

"A number of deputies delivered their speeches during that later part of yesterday afternoon's plenary session. These included Tu Tan Vu, Quang Ngai; Le Thanh Lap, Hau Giang; Le Huu Phong, Hanoi; Tran Dinh Phung, Hai Hung; Nguyen Xuan Du, Lam Dong; and Ta Ca, Phu Yen."

The deputies all concentrated on discussing two issues—assessing the situation in 1990 and the plan for 1991 in various aspects such as general targets; some specific problems of these targets; and medical, educational, social, and national security and defense policies. Many deputies agreed with the views expressed by deputy Tu Tan Vu as follows:

[Begin Tu Tan Vu recording] "As we have unanimously agreed, the general target for socioeconomic tasks in 1991 must be included in the targets for these tasks during the 1991-95 five-year period and must be directed toward the targets of the strategy for economic development up to the year 2000. But we should correctly take into account the position and special conditions of 1991—an extremely difficult and complicated year. In view of this, we must take into consideration two aspects; that is, to develop the achievements we have recorded in the process of renovation, especially in the past 2 years, while creating a premise for development in the ensuing years." [end recording]

Criticizing the Council of Ministers for its methods of management in order to draw on experience for its activities in the years to come, Le Thanh Lap, National Assembly deputy from Hau Giang, said:

[Begin Le Thanh Lap recording] The report of the Council of Ministers gives a relatively clear reflection of its shortcomings in 1990. One thing on which we have not yet reached a concensus of views, however, is the fact that we still do not dare to look squarely at our macro management, which continues to be affected by many shortcomings, bureaucratism, indecisiveness, and nonconformity.

For this reason, we have failed to deal promptly with the changing situation in 1990. Let me show you a small example concerning the problem of fertilizer. "We knew in advance that the source of imported fertilizer would be exhausted or reduced. But our failure to take the intiative in creating other sources of fertilizer to support production led us to be passive, which resulted in our having to cope with sky-rocketing fertilizer prices." Another example is the struggle against smuggling. Our campaign against smuggling is absolutely in conformity with the aspirations of the masses. We failed, however, to fully prepare the material bases for the campaign against smuggling, especially that against cigarettes. We imposed a ban on foreign cigarettes when we still had not produced enough homemade cirgarettes. As a result, the prices of homemade cigarettes doubled. [end recording]

In their speeches, some National Assembly deputies held that a number of economic targets for 1991 are still high and should be lowered to suit the actual situation at present, and that the levels of increase in gross national product and national income set forth for the five-year plan should also be reviewed.

"Many prominent issues in society—such as those concerning fertilizer and materials for agriculture, especially for the upcoming winter-spring crop production; prices of rice; salaries for cadres, workers, civil servants, members of the armed forces, and retirees; and the continuation of medical, cultural, and social activities—were mentioned repeatedly in various speeches."

Some deputies also suggested that the National Assembly consider the settlement of the problem of salaries for wage earners a burning question.

"This morning, the National Assembly will continue its plenary session at the Ba Dinh Conference Hall in Hanoi to discuss socioeconomic issues."

Communique No. 4 Issued

BK1212005490 Hanoi Domestic Service in Vietnamese 2300 GMT 11 Dec 90

[Communique No. 4 of the Eighth National Assembly's eighth session]

[Text] After working in groups for the sixth time, on the afternoon of 12 December the National Assembly met in plenary session at the conference hall under the direction of Chairman Le Quang Dao.

The National Assembly heard Comrade Cao Sy Kiem, governor of the State Bank, read a supplementary report on issues concerning capital, the management of foreign currencies, bank interests, and the trading of gold. Comrade Hoang Quy, minister of finance, read a supplementary report on implementation of the state budget for 1990 and the state budgetary estimate for 1991, and Comrade Hoang Minh Thang, minister of industry, read a supplementary report on struggle against smuggling.

Later, the National Assembly began discussing matters related to socioeconomic tasks and the state budget for 1991. National Assembly deputies expressed views on the targets and general objectives for socioeconomic plans and the pace of increase in gross social product and national income in 1991.

On 12 December, the National Assembly will continue its discussions at the conference hall on the socioeconomic tasks and state budget for 1991.

Assembly Proceedings Updated

BK1112130090 Hanoi Domestic Service in Vietnamese 1100 GMT 11 Dec 90

[Text] This afternoon, National Assembly deputies met in plenary session at the Ba Dinh Conference Hall under the direction of Chairman Le Quang Dao.

During the session, Vietnam State Bank Governor Cao Sy Kiem read a report on the bank's activities; Finance Minister Hoang Quy read a supplementary report on implementation of the state budget in 1990; and Trade Minister Hoang Minh Thang read a supplementary report on antismuggling work. The deputies also discussed the 1991 state plan targets and measures aimed at fulfilling them.

Tomorrow, 12 December, the National Assembly continues its discussions at the Ba Dinh Conference Hall on the socioeconomic tasks and state budget for 1991.

Radio Sums Up Meetings

BK1212124090 Hanoi International Service in English 1000 GMT 12 Dec 90

[Text] The eighth session of the National Assembly, eighth legislature continued its plenary session in Hanoi on Tuesday and Wednesday.

On Tuesday, the session heard a report on the issue concerning capital, the management of foreign currencies, the bank and trade and gold trading by the governor of the state bank. The minister of finance reported on the implementation of the 1990 state budget and the draft budget for 1991. The minister of commerce reported on the anti-smuggling situation.

The session also heard opinions of deputies on the targets and general norms of the socioeconomic plan, the growth rate of the gross social products and national income for 1991.

On Wednesday morning, deputies from Ho Chi Minh city, Quang Nam-Danang, Dac Lac, Gia Lai-Cong Tum, Quang Tri, Ha Bac and Lang Son Provinces voiced their opinions on many issues including economy, society, security, national defense.

Many deputies put forth concrete measures to solve difficulties in order to fulfill the socioeconomic program in the coming year.

An Giang Province Expels Over 300 Party Members

BK1112150490 Hanoi Domestic Service in Vietnamese 2300 GMT 9 Dec 90

[Text] Party committees at all levels in An Giang Province have launched a drive to review the performance of party members and to practice self-criticism in conjunction with the struggle against corruption. The provincial party committees and 14 city and district party committees have completed practicing criticism and self-criticism. They have also disciplined 451 party members, 25 of whom were reprimanded, 68 warned, 19 dismissed, and more than 300 expelled from the party. The most common misdeeds committed by those disciplined were failure to pay back debts owed to the state, violations of managerial principles, and directly or indirectly causing losses of state and collective property.

Guidelines Issued for Viewing Draft Strategy

BK1212054990 Hanoi Domestic Service in Vietnamese 1430 GMT 3 Dec 90

["Guidance for Public Views on the Draft Strategy of Our Country's Socioeconomic Stabilization and Development to the Year 2000"; place, date not given]

[Text] The objective of the strategy of socioeconomic stabilization and development is to determine socioeconomic development viewpoints based on the socialist path and the orientations for formulating economic structure, management mechanisms, and major policies and measures. The draft strategy does not define many concrete targets, which will be determined later by five-year plans and yearly plans. Public suggestions are invited on the following main issues:

Part One: Socioeconomic Reality and Development Resources

1. The draft strategy evaluates the socioeconomic situation and makes a broad survey of the positive changes since the sixth party congress, as well as the shortcomings and new problems arising from a shift to the many-sectored commodity economy. Are the results of the evaluation and survey acceptable? Are there any points to be added?

2. Does the draft strategy provide an accurate view of domestic and foreign development resources?

Part Two: Development Viewpoints and Objectives

1. Regarding socioeconomic development viewpoints, public suggestions are invited on the objectives and characteristics of socioeconomic development along the socialist path, the strategy designed by the people and for the people, development of the Vietnamese resources and people, the need to create incentives to development, viewpoints about a planned development of the multisectorial commodity economy, planning, market mechanism, development of an open-door economy, harmony between national economic development and world market and economy, close association of industrialization and modernization with economic and industrial development orientations, scientific and technological development, education and training, economic efficiency, and harmony between economic results and social effects.

2. Regarding strategic objectives, the draft strategy focuses on the need to free our nation from being a poor and underdeveloped country, and to ensure that by the year 2000 the per capita national income will increase by at least two-fold over 1990 and that by 1995 we should weather the current crisis and stabilize our socioeconomic life. Do those objectives meet the urgent needs of life? Are they consistent with actual conditions? Attention should be given to the specific conditions of each locality, sector, or unit.

Part Three: Economic Structure

1. The draft strategy defines the structure of economic sectors and areas of operations and links them with the economic development programs in effect in the various regions. Attention should be given to the need to effect a change in the economic structure in the forthcoming decade with the main efforts being concentrated on the economic development of each sector and area of operations as well as on the strategically important strengths of the various regions, key sectors, and targeted areas. Do the state's investment orientations guarantee conditions for fulfilling development objectives? Are those orientations consistent with concrete conditions? Are there any points to be added?

2. Regarding the structure of economic sectors, public suggestions are invited on the connections between the various types of ownership, forms of economic organizations, and economic sectors as well as their operations in the process of socializing production operations. Public suggestions are also invited on a number of important issues like the orientations for restructuring the state- operated economic sector; new concepts of the development of cooperatives in various branches and trades, especially in agricultural production; problems which remain to be settled to secure conditions for the private, individual, and family economies to boldly invest in production and business transactions benefitting the national economy and the people's well-being.

Part Four: Major Policies and Measures

Public suggestions are invited on the following: policies and measures aimed at generating capital from domestic and foreign sources as well as policies governing the use of capital, domestic and foreign markets, settlement of unemployment problems, education and science, and orientations for continued efforts to renovate the mechanism and managemet system. It is advisable to conduct thorough discussions and exchanges of views on those policies and measures directly related to the branches and areas of operations involved.

Nguyen Van Linh Addresses Medicine Conference

BK1212103690 Hanoi VNA in English 0710 GMT 12 Dec 90

[Text] Hanoi VNA December 12—Hundreds of representatives of the Vietnamese traditional medicine throughout the country are attending the 8th Congress of Traditional Medicine which opened here yesterday. The 7th congress was held in 1983.

More than one hundred representatives of various branches and mass organizations also attended.

Nguyen Van Linh, general secretary of the Communist Party of Vietnam Central Committee, attended the opening ceremony. Addressing the congress, he said:

"Traditional medicine is a strength of our country's medicine. From practical experiences in disease prevention and treatment, the traditional medicine in our country should learn more from the theory and experience of Eastern medicine in other countries. The traditional medicine itself has a very popular character. Everywhere we may find good experiences in disease prevention and treatment, and everywhere we may find plants and animals which can be used as efficacious medicaments. They will be a valuable asset of ours if good exploitation and collection can be ensured.

"A very noteworthy fact is that today Western medicine is inquiring, researching and exploiting more and more the traditional medicine of different nations including our nation. This demonstrates that traditional medicine has deeply penetrated modern medicine."

Nguyen Van Linh went on:

"At present, the need to protect and improve the health of the people is very great. To meet that need we must develop our medicine in a way suited to the socio-economic conditions of the country. Our medicine must strongly shift to preventive medicine, especially it must protect well the living environment, exploit and develop our traditional national medicine, step up primary healthcare, etc. These are extremely important orientations which the public health service must strive to implement in coordination with other services.

"The Ministry of Public Health and the Traditional Medicine Association should make the inheritance and development of traditional national medicine in a selective manner and on the basis of science strategy in order to work out correct policies and measures."

Do Muoi Attends Urban Development Conference

BK0912042590 Hanoi Domestic Service in Vietnamese 1430 GMT 3 Dec 90

[Text] The first national conference on urban development convened by Council of Ministers Chairman Do Muoi opened in Hanoi on 3 December. Council of Ministers Vice Chairman Tran Duc Luong chaired the conference.

Attending the conference were Phan Ngoc Tuong, minister in charge of organization and cadres; Ngo Xuan Loc, minister of construction; Le Danh, deputy head of the state planning commission; and Ho Te, vice minister of finance. Also attending the conference were leading comrades of people's committees of the three major municipalities, deputy heads of agencies responsible for urban industry and construction from provinces, municipalities, and special zones; leaders of people's committees from cities and towns; and directors of city management offices from throughout the country.

Representatives of the Ministry of Construction, the State Planning Commission, and the Ministry of Finance took turns presenting reports on the true situation of our municipalities and measures to resolve current pressing problems.

After listening to these reports, delegates to the conference worked in groups to discuss issues raised by Council of Ministers Chairman Do Muoi in his speech at the opening session as well as problems mentioned in the above reports.

Seminar Ends 'Satisfactorily'

BK1112072290 Hanoi Domestic Service in Vietnamese 2300 GMT 4 Dec 90

[Text] Yesterday 4 December, the First National Seminar on Urbanization was concluded satisfactorily after two working days in Hanoi.

After receiving guidance from Do Muoi, chairman of the Council of Ministers, reports of the Ministry of Construction, the State Planning Commission, Ministry of Finance, the Personnel Management Board, and so forth, the participants discussed the subject at length.

Tran Duc Luong, vice-chairman of the Council of Ministers, concluded the seminar. He highly valued the representatives' unanimous views on the urgency to rearrange urban management and construction, to form the legal documentation on the using and management of urban land, to demand the reinforcement of the implementation of existing laws, to see the necessity of having general and detailed plans in urban development, to divide sectors from the uniform government agencies in urban management and construction, to mobilize capital under the guidelines of cooperation between the state and the public in building work, and to form the policies on housing, on building work, and on building regulations in the cities, and so forth.

Comrade Tran Duc Luong also brought up some practical issues in the 1991 urban work program and stressed that the sectors, the localities need to have concrete working plans in this field. Especially, he also heightened the role of the People's Committees and the president of the People's Committee at all levels in urban management and construction.

Venture With DPRK in Silk Production Set

BK1212102690 Hanoi VNA in English 0708 GMT 12 Dec 90

[Text] Hanoi VNA December 12—A joint venture in sericulture (Vikoseri) between the Union of Sericulture Enterprises of Vietnam and the Dong Hyung Company of the Democratic People's Republic of Korea has been set up. Vikoseri is the first joint venture of Vietnam in sericulture with a foreign partner. With a total investment of over 12.5 million U.S. dollars, Vikoseri will build a large mulberry area and a filature with a capacity of 300 tons of silk a year in Hai Hung Province, south of Hanoi.

The Korean side will contribute materials and equipment, while the Vietnamese side will grow mulberry, raise silk worms and process silk.

Vo Chi Cong Greets Lech Walesa on Election

BK1212040690 Hanoi Domestic Service in Vietnamese 1430 GMT 11 Dec 90

[Text] On 11 December, Vo Chi Cong, chairman of the Council of State, sent a message of greetings to His Excellency Lech Walesa on the occasion of his election as president of the Republic of Poland.

More Than $1 Billion in Swedish Aid Reported

BK1112130990 Hanoi VNA in English 0659 GMT 11 Dec 90

[Text] Hanoi VNA Dec. 11—Swedish Ambassadress to Vietnam Birgitta Johansson has said that through the Swedish International Development Authority (SIDA), more than one billion U.S. dollars in aid from Sweden have been granted to Vietnam.

In an exclusive interview for the monthly QUAN HE QUOC TE (INTERNATIONAL RELATIONS) in November 1990, the Swedish diplomat said over the past ten years Vietnam ranked second only to Tanzania among the developing countries receiving Swedish aid.

The ambassadress noted that Vietnam's renovation policy combined with its open-door policy, the abolition of government subsidies, and the encouragement of a multi-sector economy have credited a favourable economic environment for the effective utilization of Swedish aid.

Asked about Sweden's aid policy toward Vietnam in the present world situation, Mrs. Johansson reaffirmed Sweden's commitment to cooperation with and aid to Vietnam in the 1990s.

Thus, an agreement was signed by the two governments in June 1990 under which Sweden will grant Vietnam an aid package of 100 million U.S. dollars for the period 1990-92.

Apart from the supply of goods which accounts for half of the sum, Sweden will provide Vietnam with know-how and experiences in some industries and services of the market-based economy like banking, taxation, enterprise management consultancy and training of micro-economic managers.

Asked about cooperation in trade and investment, Mrs. Johansson said although potentials of bilateral trade relations between the two countries are yet to be tapped and broadened, more and more Swedish companies have shown keen interest in the Vietnamese market.

She recalled that the first Swedish contract for oil prospecting and exploitation on Vietnam's continental shelf was signed by the Swedish Exploration Consortium (SECAB) and Petrovietnam in February, 1990. Besides, Hennes and Mauritz, a major garment manufacturing company of Sweden, has established effective cooperative ties with Vietnam's textile exporters.

The Swedish Government has invested in the following projects in Vietnam: the Bai Bang pulp and paper mill in the northern midland Province of Vinh Phu. At a cost of 472 million U.S. dollars, the project also includes the support facilities such as a river port, a river fleet, a technical training centre, residential quarters for the workers, a power station, a potassium chlorate plant, and a reforestation program in parts of the provinces of Vinh Phu, Ha Tuyen and Hoang Lien Son.

—The restoration of the COGIDO and COGIVINA paper mills, the Thang Long garment enterprise, the Vinh Phu and Hai Hung glass factories, the Thong Nhat match factory, the Hrex refrigerating factory and the Cau Duong pencil factory (30 million U.S. dollars.)

—The restoration of the Thu Duc thermoelectric power plant (33 million U.S. dollars).

—The construction of the Olof Palme Institute, the Children's Hospital in Hanoi and the Polyclinic in Uong Bi (Quang Ninh Province), the Family Planning and Primary Healthcare Programmes in Quang Ninh Province, the manufacture of medicines and training of medical workers (128 million U.S. dollars).

—The import of raw materials, materials and spare parts in service of agriculture, food and other industries (328 million U.S. dollars).

—The provision of relief aid totalling 33 million dollars.

State Bank Disciplines 1,741 Erring Officials

BK1112131190 Hanoi Domestic Service in Vietnamese 1430 GMT 9 Dec 90

[Text] The State Bank is coordinating with the general state inspector and provincial and city people's committee chairmen in carrying out the struggle against corruption. It continues to inspect the banking sector's work in the remaining 36 provinces and cities, focusing its probe on state-operated credit agencies, precious metals trading, and nongovernmental credit services. Working together with the Ministry of Finance, the State Bank has investigated some cases of wrongdoing and adopted unified measures to deal with them. The unauthorized expenditures totaling 10,836 million dong made by various units in 1988 and 1989 will be made up by an equivalent reduction of future state budget allocations to the units concerned. The remittance of 1,265 million dong in local budgets by the order of the provincial and city people's committees is approved by the Finance Ministry. The spending of 563 million dong in self-procured capital by some units for small construction projects and for the purchases of equipment and property will be refunded by the state. The sums spent by some units for construction and for the purchase of fixed assets including dwelling houses and offices are considered justified expenses. The State Bank has collected delinquent debts and remitted 11,279 million dong to the state budget.

To prevent a recurrence of similar transgressions of the law, the banking service has promulgated relevant rules and regulations on financial matters. It has also instructed the entire service to scrupulously abide by the state ordinance on accounting.

Along with recovering misappropriated capital and property, the State Bank has coordinated with local law-enforcement organs and administrations at various levels in disciplining 1,741 cadres by prosecuting 67, dismissing 112, forcing 327 to retire, and demoting three [figures as heard]. Among the cadres subject to disciplinary action were 134 officials holding positions ranging from district bank manager to deputy general director of the State Bank.

Price of Rice Triples in Hanoi; State Intervenes

BK1112130790 Hanoi Domestic Service in Vietnamese 1430 GMT 10 Dec 90

[Text] In the last few days, the price of rice in Hanoi Market has increased 200 dong to 300 dong per kilogram.

To stabilize and decrease the price, the No. 1 General Central Food Service Company of the Ministry of Agriculture and Food Industry has supplied Hanoi city with 10,000 tonnes of rice. Along with Hanoi food stores, four stores of the No. 1 General Central Food Service Company open regularly to sell rice that is cheaper and higher quality than that of the market.

At present the company has tens of thousands of tonnes of rice. The company promised that in December it would supply Hanoi with 10,000 tonnes of rice and the mountainous provinces with 5,000 tonnes of rice to stabilize food prices.

Australia

Hawke Intends To Remain Prime Minister

BK1112094690 Melbourne Overseas Service in English 0700 GMT 11 Dec 90

[Text] The prime minister, Mr. Hawke, has taken a new step to end leadership speculation by announcing his intention to continue as prime minister throughout the next term if Labor is returned at the next election.

Radio Australia political correspondent, Graeme Wall, says Mr Hawke had previously declared he would hand over the leadership at some stage during the next term. Mr Hawke knew he had to end the uncertainty. He admitted today he had been approached by a range of people from within and outside the parliamentary party who told him his plan to step aside sometime during the next term was not acceptable. It left him open to being exploited as a lame duck leader and would enable the opposition to campaign against the unpopular Paul Keating as the heir apparent. Mr Hawke said he did not take a great deal of persuading to decide to run for another full term.

Hawke Asks Keating To Remain in Office

BK1112005690 Hong Kong AFP in English 1055 GMT 10 Dec 90

[Text] Canberra, Dec 10 (AFP)—Australian Prime Minister Bob Hawke asked his number two, Treasurer Paul Keating, to remain in office Monday despite an apparent attack by Mr. Keating on his leadership.

A joint statement issued by the prime minister's office after the two men had met privately for more than three hours said that Mr. Keating had "apologised for any harm his remarks caused."

In the statement, Mr. Hawke said that he told Mr. Keating that "I intended to remain through this term as leader of the party and wished to see him continue as deputy prime minister and treasurer.

"Paul confirmed that he totally concurred with this course," the statement said.

Speculation about Mr. Keating's future had been rife since he told journalists a private dinner on Friday that Australia had never had a great leader such as the U.S. Presidents Abraham Lincoln and Franklin D. Roosevelt.

As the two men began what their joint statement later called "a long and constructive conversation," the Australian dollar slipped on the exchange markets from 77.12 to 76.50 U.S. cents.

Speaking off the record on Friday, Mr. Keating had said that leadership was "not about tripping over TV cables in shopping centres, trying to get your picture in the media."

Although Mr. Keating did not mention the prime minister by name, few of those present at the dinner doubted that he was referring to Mr. Hawke.

And when Mr. Keating compared himself to one of the world's great opera singers—as the "Placido Domingo of Australian politics"—he gave the clear impression of a man trying to affirm his credentials for the top job.

Mr. Keating, 47, has been treasurer from the start of Mr. Hawke's first administration in 1983. He was made deputy prime minister after Mr. Hawke won his fourth successive election in March this year.

Mr. Hawke, who is 61, told reporters at a lunch in Sydney earlier Monday that he would fight the next election, which must be held by March 1993.

Fiji

Prime Minister on Ethnic Representation

BK1012012290 Hong Kong AFP in English 2044 GMT 9 Dec 90

[Text] Suva, Dec 10 (AFP)—The exodus of Fiji Indians and a rising Fijian population justify the allocation of fewer parliamentary seats to ethnic Indians in the new Constitution, Prime Minister Ratu Sir Kamisese Mara said Monday. He said constitutional review committees had found that the unrestricted flow of Indians abroad, coupled with a rising Fijian birthrate, would increase the Fijian population and justify giving them more seats in parliament's two chambers.

"I recall the committee saying that demographically the different seats between Fijians and Indians will be justified in about seven years, that Indians will be lucky to keep their 27 seats, as far as numbers are concerned, after 10 years," the premier told the FIJI TIMES newspaper.

Under the new Constitution, 37 parliament seats are allocated for native Fijians while ethnic Indians have 27 seats. Four seats go to Chinese and part-Europeans and one to the tiny Polynesian Rotuman community.

Ratu Mara, who wants to step down before November elections, said despite criticism from the opposition and foreign governments, the new Constitution was "the quickest and most realistic way of returning the country to parliamentary rule."

Fiji has been under a semi-civilian government, ruled by decree, since May 1987 when the army toppled the Indian-dominated government.

Ratu Mara said though he had no part in the coup, he agreed to serve in the post-coup government because he would have been "a chief without people" if he had declined an offer from coup leader Major General Sitiveni Rabuka.

A high-ranking Fijian chief who many believe will become the next president after the general elections, Ratu Maru said he would welcome the presence in Parliament of the opposition Indian parties which have been threatening to boycott elections.

Mara Criticizes India for Commonwealth Exclusion

BK1112130590 Melbourne Overseas Service in English 0700 GMT 11 Dec 90

[Text] Fiji's interim prime minister, Ratu Sir Kamisese Mara, is reported to have lashed out at India for blocking its readmission to the Commonwealth and called on the 47-nation forum to change its membership rules.

Ratu Mara was quoted by the FIJI TIMES newspaper as saying a small clique was determining membership of the Commonwealth and blamed India for blocking the readmission of the South Pacific island republic.

Ratu Mara said he hoped a system was devised whereby the views of the majority of members determine whether a new member was admitted or an old one returned. Fiji lost its membership to the Commonwealth after it declared itself a republic following two military coups in 1987. The coups, which toppled the elected government of Timothy Bavadra and abrogated the 1970 independence Constitution, were aimed at entrenching indigenous Melanesian political supremacy in the island over ethnic Indians.

New Delhi has said it would continue to oppose Fiji in international forums until Suva restores equality between the 337,000 of Indian origin and indigenous Fijians.

French Polynesia

French Navy Escorts Greenpeace Out of Zone

BK1112061490 Hong Kong AFP in English 0524 GMT 11 Dec 90

[Text] Mururoa, French Polynesia, Dec 10 (AFP)—A Greenpeace dinghy which crossed into territorial waters around France's Mururoa nuclear testing site on Monday was halted by the French Navy and escorted back to its mother vessel, an AGENCE FRANCE-PRESSE correspondent here said.

The dinghy sailed into the 12-mile (20-kilometer) limit around Mururoa atoll in defiance of French authorities, in a mission to check for radioactive contamination around the tested and non-violent, [as received] and had no intention of landing on the atoll itself.

The French Frigate Lieutenant De Vaisseau Lavallee, one of three vessels shadowing Rainbow Warrior II, warned the Greenpeace flagship several times that it and the inflatable boat were not to enter French waters. Rainbow Warrior II was told by radio that should the team try to land at Mururoa or remain inside the 12-mile (20 kilometre) limit, they faced arrest and possible imprisonment.

Mr. Connan said before leaving the flagship: "We have to find out the truth about the (radioactive) damage to Mururoa and the only way to do that is to take samples in the lagoon itself."

France has conducted some 120 nuclear tests at Mururoa since it took its test program underground in 1975.

It has maintained a program averaging two series of four tests each year, with devices ranging from 30 kilotons to around 100 kilotons.

New Zealand

Soviet Union Agrees To Repay Debt

BK1112032490 Hong Kong AFP in English 0239 GMT 11 Dec 90

[Text] Wellington, Dec 11 (AFP)—The Soviet Union has agreed to repay a 115 million dollar (69 million U.S. dollar) debt to New Zealand for wool and dairy produce, the NEW ZEALAND PRESS ASSOCIATION said Tuesday.

The agency quoted a statement from Trade Negotiation Minister Philip Burdon released in Moscow Tuesday following two days of negotiations on trade.

The agreement would clear the way for trading to resume between the two countries, the statement said. Contracts for the repayment of the debt would be signed by the end of the week.

The money would then be repaid by installments over the next few months.

The New Zealand Dairy Board Spokesman Neville Martin said it was a major comfort for the industry to know the debt would be repaid and the way cleared for further trade.

"The prospect of the Russians not being able to repay was one of the worst case scenarios the industry was facing and now that can be cast aside," he said in an interview.

Mr. Martin said the Soviets were in the market for a "very substantial quantity of butter."

New Zealand Wool Board spokesman John MacGibbon was sceptical about the Soviet agreement to repay the debt.

"They have made promises in the past which have fallen through. However, this appears to be a promising new development and we look forward to it."